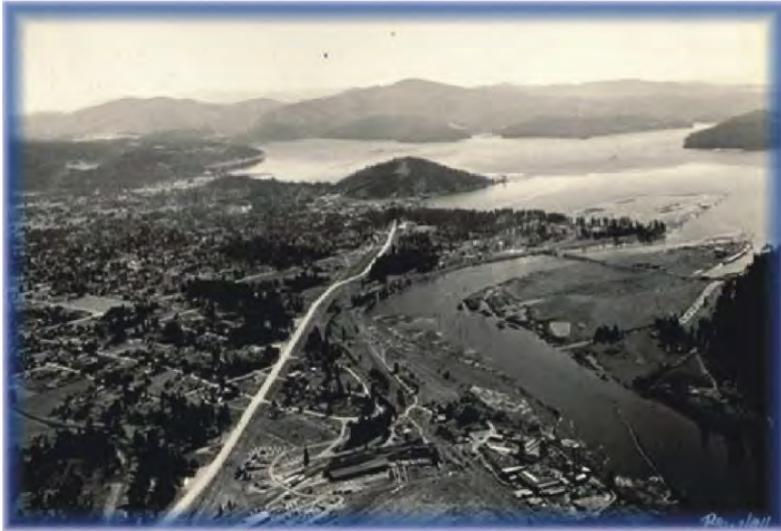


Kootenai County Idaho



**Celebrating 150 Years
Of Change and Growth**

1864 - 2014



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2013
Clifford T. Hayes ~ Auditor**



KOOTENAI COUNTY, IDAHO

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2013

Clifford T. Hayes
County Auditor

Prepared by the Office of the County Auditor

KOOTENAI COUNTY, IDAHO

Office of the County Auditor

David R. McDowell, CGMA
Finance Director

Pat Raffee
Chief Deputy Clerk

ACKNOWLEDGMENTS:

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Keith Taylor
Grace Blomgren

Accounting Staff

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Julina Hildreth
Chenyi Olson
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Nancy Jones

A special thank you to Ron Harbison, Commercial Artist in the Kootenai County Reprographics Department for his work in producing this report.

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FOR THE FISCAL YEAR ENDING September 30, 2013

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Introductory Section



Late last year, Kootenai County lost a respected and dedicated leader when County Clerk Clifford T. Hayes passed away suddenly on December 12, 2013. Cliff had a distinguished public service career, holding many positions, including:

- ◆ Emergency Medical Technician Volunteer (Post Falls Fire Department)
- ◆ Dispatcher, Patrol Officer, and Detective Sergeant (Post Falls Police Department - 1983 through 1987)
- ◆ Interim City Administrator (City of Post Falls, various periods)
- ◆ Chief of Police (Post Falls Police Department - 1987 through 2009)
- ◆ Kootenai County Clerk (2010 through 2013)

As Chief of Police, Cliff Hayes founded many new initiatives, including the Officers and Advocates Sharing Intervention Services (O.A.S.I.S.) program for victims of domestic abuse, the Community Oriented Policing program, the local Drug Abuse Resistance Education (D.A.R.E.) program, the Volunteers in Police Service (VIPS) program, and initiation of the School Resource Officer (SRO) program. He graduated from the FBI National Academy in 1997, and was awarded the Law Enforcement Silver Star Award by the Idaho Attorney

General, in recognition of his outstanding service in aiding victims of crime. In addition, his willingness to embrace technology - both as a cost-saving initiative and to promote efficiency - led to significant improvements in our community. Thanks to his efforts, the Post Falls Police Department was the first in the state (and one of the first in the nation) to have laptop computers and video cameras in their patrol cars.

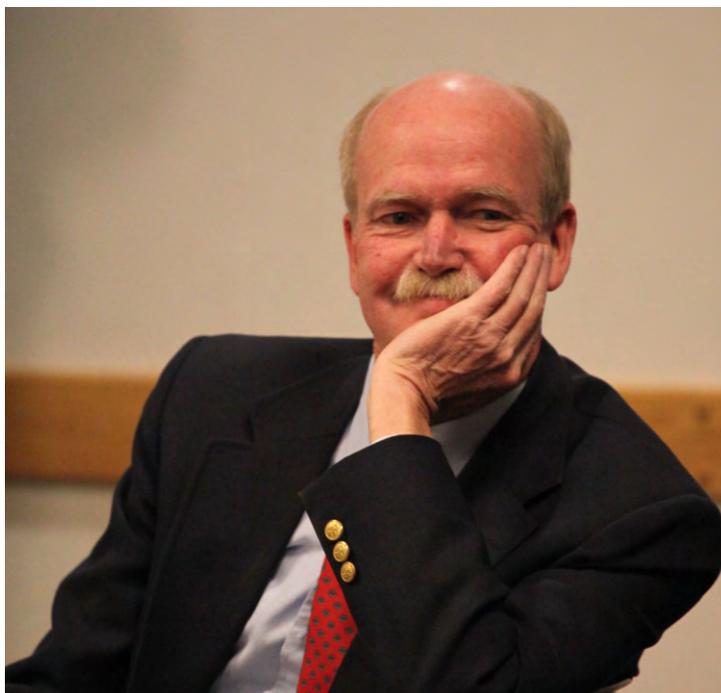
In addition to spending twenty six (26) years in law enforcement, Cliff served on the Idaho Public Employee Retirement System Board, he was president of the Idaho Chiefs of Police Association, and he was a member of several other statewide organizations. Cliff was also a founding member, treasurer, and vice president of the Post Falls Community Volunteers and was a member of American Legion Post 143. He was instrumental in the construction of the Post Falls Animal Shelter and the Q'emlin Park Grand Pavilion project.

These endeavors not only encouraged community involvement, they also fueled Cliff's other passion - acting as a steadfast steward of taxpayer dollars. After his retirement from law enforcement in 2009, that quality made him a logical choice for County Clerk/Auditor. As the Elected Official responsible for running five departments and overseeing the budget process, he was resolute about searching for new ways to increase revenues and cut expenditures - always with the taxpayers of Kootenai County in mind. Under his direction, processes were streamlined in the Clerk's division, increasing efficiency and resulting in financial savings for the County.

Cliff also championed accuracy and transparency during his tenure as Clerk. He used his knowledge of the law to ensure that the actions and decisions made by County leaders were open to every citizen of the County. He encouraged the use of the internet to openly share financial information, as well as to report on the actions of County boards and committees. Under Cliff's supervision, the Elections' Department worked diligently to improve their processes and procedures, and in 2012, Cliff was recognized as Idaho's Outstanding Republican Administrator and installed in the GOP Hall of Fame, as a result of those efforts. Cliff was a great believer in accountability, action, brevity, responsibility, and honesty - qualities that he demanded of himself and expected of all those who served with him as community leaders and guardians.

Cliff left behind a loving family, including his wife, Jeanne, and five children, four grandchildren, and three siblings.

There is no question that Cliff was an active member of our community, a dedicated public servant, a tireless volunteer, and a no-nonsense leader who revered knowledge and, perhaps above all else, the law. However, for many of us at Kootenai County, Cliff was all that and more - he was also a friend, a mentor, and a man of unwavering integrity. His passing is a loss to our entire community, and we can only strive to continue what he started. He will be missed.





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Kootenai County
Idaho**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



Kootenai County Clerk Jim Brannon

Auditor • Clerk of the District Court • County Assistance • Elections • Recorder

451 Government Way • P.O. Box 9000

Coeur d'Alene, ID 86816-9000

Phone (208) 446-1651 • Fax (208) 446-1662

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March 15, 2014

To the Honorable Board of County Commissioners and Citizens of Kootenai County,

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) to you for the Fiscal Year ended September 30, 2013. This report is prepared in accordance with the Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB), and includes recommendations from the Government Finance Officers Association.

The purpose of this report is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the County. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurances that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of Kootenai County's financial activities have been included.

Idaho State Statute requires that an annual audit be completed by an independent audit firm. The accounting firm of CliftonLarsonAllen LLP, was selected, with the approval of the Board of County Commissioners, to perform this audit. CliftonLarsonAllen LLP has issued an unqualified ("clean") opinion on Kootenai County's financial statements. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with the report.

The Single Audit Section, which includes reports on compliance and internal controls from the independent auditor, is in compliance with the Federal Single Audit Act of 1984 and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Institutions found on page 141.

This CAFR includes information on all funds and component units for the County. In addition to the general county activities, the Board of County Commissioners is financially accountable for both the North Idaho Fair & Rodeo and the Kootenai County Emergency Medical Services System.

PROFILE OF THE GOVERNMENT

Kootenai County was established on December 22, 1864, by the Second Territorial Legislature of the Idaho Territory. A trading post below Lake Pend Oreille named Seneaqueoten was designated as the County Seat. The County Seat was relocated to Rathdrum in 1881, and finally settled in Coeur d'Alene in 1908. Kootenai County is named after the Kootenai Indian Tribe whose name means "water people".

Kootenai County is located in northern Idaho, which is an area known as the Panhandle. The County is 1,310 square miles and has a population of approximately 141,000. Coeur d'Alene is both the largest city and the County Seat. Nearby population centers include the cities of Spokane and Spokane Valley located in Washington, thirty miles to the west, with a population of approximately 301,000, and Missoula, Montana, 150 miles to the east, with a population of 68,000 respectively. Kootenai County is adjacent to the Panhandle National Forest and contains several beautiful lakes that cover 70.6 square miles. This includes the twenty-five (25) mile long Lake Coeur d'Alene.

Kootenai County provides a full range of government services that includes police protection, judicial systems, detention facilities, 9-1-1 services, health and social services, a regional airport, emergency management, noxious weed control, parks and recreation (including bicycling, boating, and snowmobiling facilities), as well as cultural and historical societies. General services such as planning and zoning, code enforcement, driver and vehicle licensing, management of federal, state, and local elections, recording of deeds and legal documents, and administration of the tax system, are also available. Kootenai County manages the collection and distribution of property tax funds for all taxing districts, which include cities, highway districts, fire districts, school districts, water/sewer districts, North Idaho Community College, Kootenai Health, and Urban Renewal Districts (URDs). The County provides for the disposal of solid waste through the development and maintenance of two (2) solid waste transfer stations and one (1) landfill. Solid Waste is a self-supporting facility, managed as an enterprise fund.

The three (3) member Board of County Commissioners is required to adopt a final budget following a public hearing that is held no later than the first Tuesday in September, each year. Kootenai County's budget serves as the foundation for financial planning and tax collection and budgetary controls are integrated within the financial system to ensure expenditures comply with appropriations. Expenditures made, or liabilities incurred, in excess of the budget appropriations that have not been approved by the Board of County Commissioners, are the liability of the elected official that made or incurred the liability. The County is not responsible for these liabilities.

ECONOMIC CONDITION

Local economy

Kootenai County is home to many interesting places which includes Silverwood Theme Park, Farragut State Park on Lake Pend Oreille, the Coeur d'Alene Resort, and the Cataldo Mission (Idaho's oldest building). Recreation, tourism, and these attractions are important elements of the local economy. Other important industries include health care, professional services, light manufacturing, construction, education, trades, and government. Major employers such as, Kootenai Health, Center Partners, Hagadone Hospitality Corporation, North Idaho College, Coeur d'Alene Tribe and Casino, Kootenai County, and three (3) large school districts are located in Kootenai County. Kootenai County aggressively pursues new industry through Jobs Plus, Inc., which is a development organization, funded by public and private resources, that has been successful in attracting several small and medium sized industries to Kootenai County. This has been accomplished in part by marketing the County's qualified and traditionally minded workforce, and high tech infrastructure.

The population growth rate in Kootenai County once again surpassed the State-wide population increase of 0.7%. Residential growth has improved the real estate market, which was indicated by the significant increase of 55% in 2013. Residential permit values were at the highest level since 2008, but population growth has yet to translate into the broader local economy. Commercial building permit values fell to the lowest level in a decade, while Kootenai County's unemployment rate remained at 7.4%, which is higher than both the state and national unemployment rate. The County has adjusted to new economic realities by limiting expenses, seeking new revenue sources, and using existing financial resources, instead of increasing taxes.

Kootenai County remains in sound financial condition at the conclusion of fiscal year 2013, largely in part to an ongoing commitment to conservative budgeting processes, which has lessened the impact of the economic down turn over the last several years. The County's justice system experienced the most significant increases and continues to be a primary concern as the County moves forward. The Board of County Commissioners continues to evaluate alternatives to alleviate jail overcrowding, which is currently being addressed by housing inmates at surrounding facilities that have availability. This temporary solution has resulted in a significant cost to taxpayers in the amount of \$888,000 for 2013.

Major Initiatives

2013 major County events and accomplishments included capital improvements at the airport, waterways facilities, and the County landfill. During 2013 several County goals were met, which included:

1. Planning for the future needs and effective operation of Kootenai County continues to be a primary focus of the Board of County Commissioners and the planning efforts are looking at employee compensation, fleet management, and long-term needs of the County computer systems and building maintenance.

2. Implementation of case management software at the District Court, which improved document flow and met the goals established by the Less Paper Initiative. This software facilitates the electronic transfer and sharing of information, which replaced the labor intensive process of physically moving files throughout the court system.
3. The County improved two (2) waterways facilities and updated the RV dump station during Fiscal Year 2013. Both the Harrison and Sun-Up Bay boat launches received major renovations, which replaced the dilapidated structures that had reached the end of their useful life.
4. Improvements at the airport included runway resurfacing and taxiway updates, that were funded primarily by grants from the Federal Aviation Administration, as well as some support from the State.
5. The Solid Waste landfill East Cell Expansion Project was completed and more than doubles the capacity of the facility. This landfill capacity increase will extend the life of the landfill by an additional twenty (20) years.

Ongoing Activities and Future Projects

The County continues to focus on needs resulting from rapid growth, which includes the justice system that has continued to experience the most significant increases and is a primary concern as the County moves forward. Additionally, the County will continue to plan for new needs and system improvements in 2014, including:

1. A new and updated detention center and jail facility will be a primary focus due to the rising costs associated with housing inmates outside of the County. These expenditures exceeded \$880,000 in 2013, and were directly related to the current overcrowding issue. The updated facility will allow for consolidation of inmates within the County and provide for anticipated future growth within the inmate population.
2. Consolidation of court operations will be a point of focus this coming year as the Campus Strategic Plan moves forward, with the intended goal of consolidating court related facilities into one (1) location and replacing inadequate structures on the campus.
3. A new Ancillary Building will be constructed at the Administrative Campus, which will provide a home for the Reprographics Department, as well as for Buildings and Grounds (currently housed at a leased building). Rehabilitation of the north parking lot is also planned for 2014.
4. A Fleet Management Task Force has been appointed to evaluate county-wide vehicle use and related services. The primary focus of this group will include vehicle management, fuel purchasing, and evaluating the need for a County owned fueling station.
5. The Planning Commission Ordinance and Code Project, which was developed in the County's Comprehensive Plan Report, has been returned to the drawing board. The updated Land Use Code will provide guidelines to support and implement the Comprehensive Plan. The final public review and anticipated adoption of the new code is scheduled to occur during the upcoming year.
6. This year a milestone will be reached, and the County will celebrate our 150 year anniversary, also known as Sesquicentennial. A new Sesquicentennial logo has been adopted and dedication of the Heritage Tribute Plaza at the Fairgrounds will occur August 2014.

Cash Management & Investment

Idle cash during the year was invested in Time Certificates of Deposit, U.S. Government Bonds, and the Idaho State Local Government Investment Pool. Interest revenue of \$693,199, was recognized in Fiscal Year 2013 and is reported on page 29 in the Government-Wide Statement of Activities. Of this amount, \$277,107 was earned from interest on the Solid Waste Fund deposits. The balance of these funds was deposited to the accounts from which investment principal was drawn (primarily the General Fund).

The Kootenai County Auditor's Office is responsible for providing financial services to the County. These services include financial accounting and reporting, payroll and accounts payable disbursement functions, debt management, budgeting, cash receipts, and financial analysis. The Treasurer's Office is responsible for tax collections, cash, and investment management.

Long-Term Financial Planning

As of September 30, 2013, both the General Government operations and the Solid Waste operations continue to be debt free. It is anticipated that all future development of the landfill and collection facilities will be funded, to the greatest extent possible, from reserves established in the Enterprise Fund and will facilitate the long-term plan for these facilities.

The County is the payer-of-last-resort for the debt of its component units. Currently both the North Idaho Fair and Rodeo, and the Kootenai County Emergency Medical Services System are debt free; therefore no contingent obligation exists at this time.

Risk Management

Kootenai County purchases insurance through the Idaho Counties Risk Management Program (ICRMP). ICRMP is an insurance pool that serves all public entities in Idaho through provision of property, general liability, automobile liability, physical damage, and public officials' insurance. ICRMP also provides loss prevention training, enabling its subscribers to minimize their exposure for loss through implementation of proper policies and procedures.

Kootenai County has agreed to be a Self-Insured Reserve (SIR), in connection with the provision of group health insurance benefits, for County employees and their dependants. This reserve is held for the purpose of covering unreported plan costs as they are incurred.

The Board of County Commissioners serve as the risk managers for the County. The Board of County Commissioners are responsible for the monitoring and reviewing of contracts and claims against the County, as well as evaluating the adequacy of insurance coverage. The Board of County Commissioners provide education to employees for loss exposure responsibilities within their job duties.

AWARDS & ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kootenai County for its comprehensive annual financial report for the fiscal year ending September 30, 2012. This Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the governmental unit must publish a CAFR that is well organized and easy to read, whose contents conform to program standards, generally accepted accounting principles, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. Kootenai County has received a Certificate of Achievement for the last nineteen (19) consecutive years (Fiscal Years 1994-2012). I believe our current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to the GFOA. I would also like to acknowledge the individuals involved in the preparation of the report and jointly responsible for the County receiving this award: Finance Director David McDowell and Accountants Kim Stevenson, Keith Taylor, Willeen Corey, Randi Bain, and Julina Hildreth.

Sincerely,



Jim Brannon

Kootenai County Auditor

Elected Officials and Judges in Fiscal Year 2013



Todd Tondee
Commissioner District #1



Jai Nelson
Commissioner District #2



Dan Green
Commissioner District #3



Clifford T. Hayes
County Clerk



Tom Malzahn
County Treasurer



Mike McDowell
County Assessor



Ben Wolfinger
County Sheriff



Barry McHugh
County Prosecutor

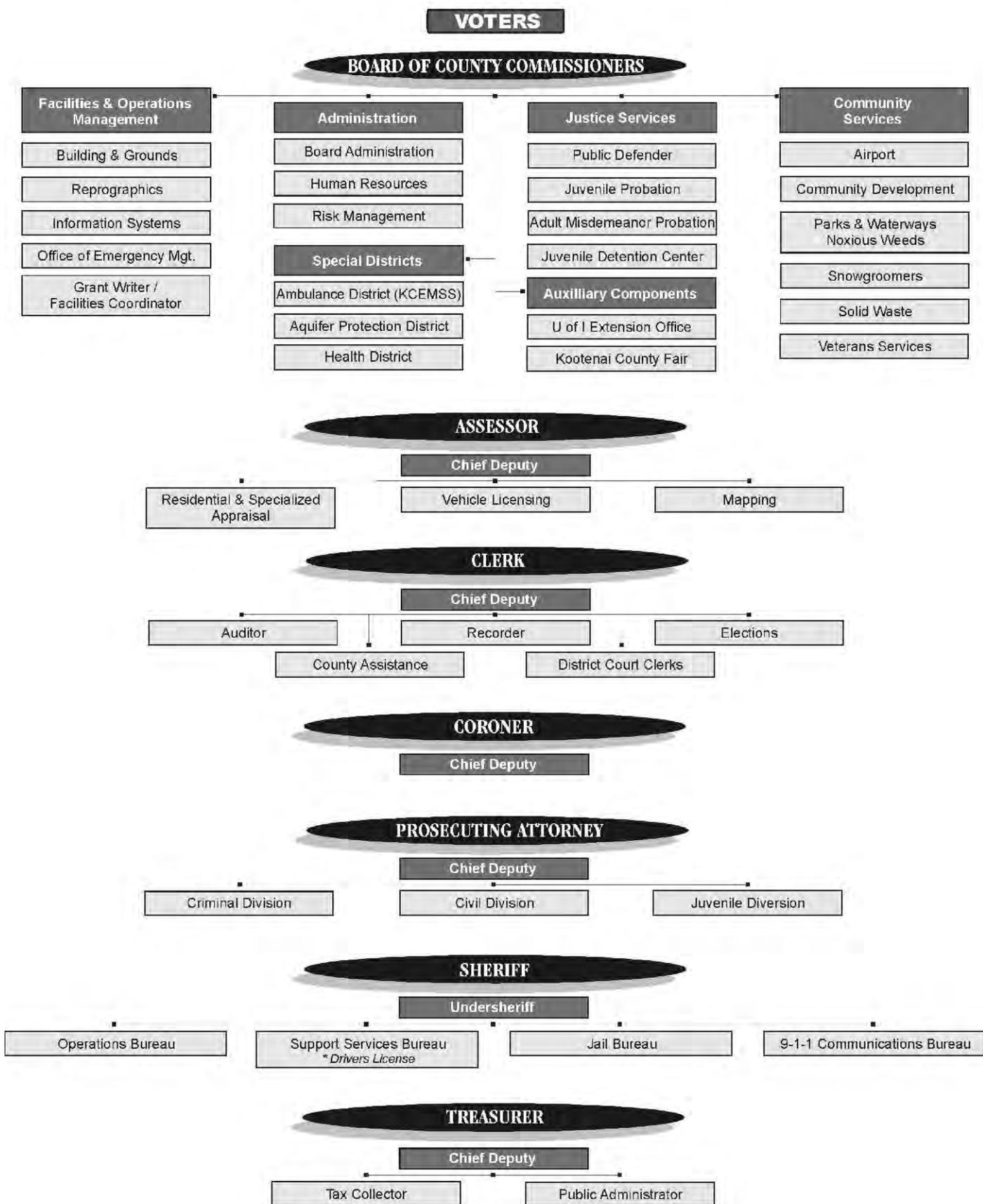


Debbie Wilkey
County Coroner

**District Judge
District Judge
District Judge
District Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge**

**Lansing Haynes
John T. Mitchell
John P. Luster
Rich Christensen
Benjamin R. Simpson
Scott Wayman
Barry E. Watson
James D. Stow
Clark A. Peterson
Robert Caldwell
Penny Friedlander**

KOOTENAI COUNTY, IDAHO ORGANIZATIONAL CHART



Financial Section

ANNUAL FINANCIAL STATEMENT	
OF THE	
County Auditor of Kootenai County, State of Idaho	
For the Fiscal Year Beginning January 8th, 1906, and Ending January 12, 1907	
ASSESSED VALUATION OF ALL PROPERTY FOR THE FISCAL YEAR 1906	
Original assessment roll—Total valuation 1906.....	\$6,260,873 00
Subsequent assessment roll—Total valuation 1906.. ..	190,727 00
Grand Total.....	<u>\$6,451 600 00</u>
REVENUES FROM PROPERTY TAXES FOR THE FISCAL YEAR, 1906	
Total taxes due from Assessment Roll 1906.....	\$169,043 59
Total taxes due from Subsequent Roll 1906.....	5,149 63
Total revenues from property taxes 1906.....	<u>\$174,193 22</u>
DEDUCTIONS TO BE MADE FROM GROSS PROPERTY TAX REVENUES	
Double assessment and property assessed to county.....	234 18
Uncollected taxes (delinquent roll of 1906).....	11,828 98
Total deductions from property tax revenue.....	<u>12,063 16</u>

The Kootenai County Annual Financial Statement, as published in January, 1907.

A century ago, the job of collecting and managing the taxpayers' money was likely a much simpler task.....

FOR THE FISCAL YEAR BEGINNING JANUARY 8, 1906 AND ENDING ON JANUARY 12, 1907:

- TOTAL LEVIES:\$2.70 PER \$ 100
- ANNUAL EXPENDITURES:.....\$67,026.02
- TOTAL CASH ON HAND (AS OF 01/12/1907):....\$40,724.20
- VALUE OF ALL COUNTY-OWNED PROPERTY:\$38,000.00
- ELECTION EXPENSES:\$5,371.34

SALARIES OF ELECTED OFFICIALS INCLUDED:

COMMISSIONERS:	\$ 2,100
CLERK (RECORDER/AUDITOR)	\$ 2,100
SHERIFF	\$ 2,000
ASSESSOR/TAX COLLECTOR	\$ 3,000
COUNTY ATTORNEY	\$ 1,000
SCHOOL SUPERINTENDENT	\$ 1,200
CORONER	\$ 300
ASSESSOR	\$ 800



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Kootenai County
Coeur d'Alene, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kootenai County, Idaho (the County), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of North Idaho Fair & Rodeo as of and for the year ended December 31, 2012 and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2013, which represent 100% percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The prior year partial comparative information has been derived from the County's 2012 financial statements and, in our report dated March 15, 2013, and based on the reports of other auditors, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate

Kootenai County Comprehensive Annual Financial Report - FY 2013

remaining fund information of the County as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 24 and 67 through 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal controls over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington

March 12, 2014



An independent member of Nexia International

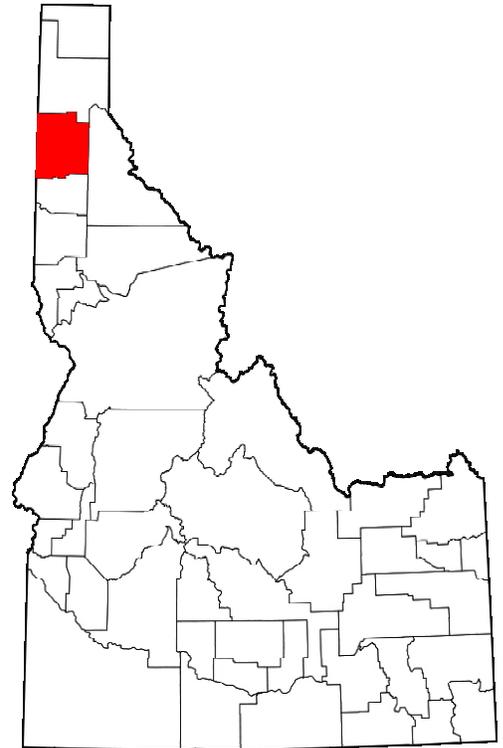
Management's Discussion and Analysis

150th Anniversary
1864 ~ 2014

A look at the Past, Present, and Future of Kootenai County

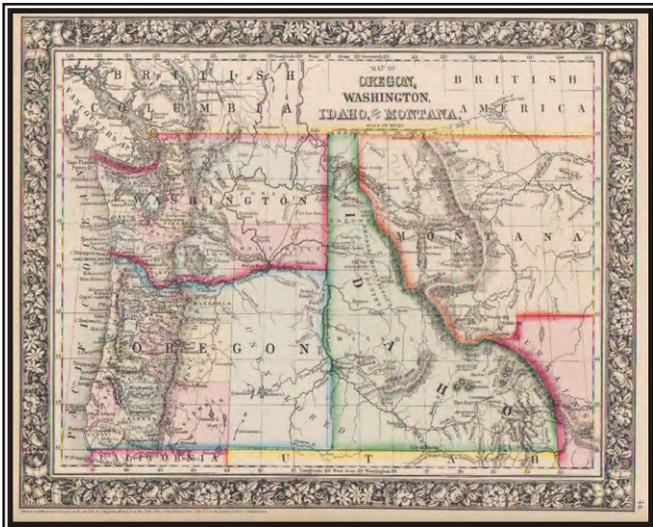
Kootenai County

Coeur d'Alene, Idaho



Kootenai County will celebrate its sesquicentennial, or 150th anniversary, in 2014. With respect to this milestone, this year's report includes a pictorial history of many of the County's departments. The older pictures that were chosen depict the County as it appeared in years gone by, and those are juxtaposed against current photos that reflect where we are today. With an eye to the future, we also have included renderings of new County structures that are proposed or are currently being planned. Many thanks to the Museum of North Idaho and to the many County employees who helped make this project possible.

Originally part of Nez Perce County, Kootenai County was established on December 22, 1864, by the Second Territorial Legislature. At the time, Seneaqueoten (a trading post located below Lake Pend Oreille) served as the County Seat. In 1881, the County Seat was moved to Rathdrum. Rathdrum was then replaced by Coeur d'Alene in 1908, and it remains the County Seat today. Kootenai County is named for the Kutenai ("water people") Indians who had originally populated the area.



When the County was established in 1864, it comprised most of the panhandle region of Idaho. In 1907, Bonner County was formed from the northernmost part of Kootenai County. In 1915, Benewah County was created to the south, shaping the boundaries of Kootenai County that remain to this day.

**KOOTENAI COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2013
(Unaudited)**

As management of Kootenai County, Idaho, we offer readers this narrative overview and analysis of the County's financial activities for the Fiscal Year ended **September 30, 2013**. We encourage readers to consider the information presented in conjunction with additional information in our letter of transmittal.

(In this discussion, comparative analyses are against the prior Fiscal Year.)

FINANCIAL HIGHLIGHTS

The key financial highlights for 2013 are as follows:

County leadership has changed its fiscal philosophy to utilize more of our existing resources rather than to levy additional property taxes. We will continue controlling costs, and rigorously reviewing the use of restricted funds to improve the operations of the eligible departments.

The County has no outstanding debt at Fiscal Year-end 2013.

General Fund operating outlays net of justice activities, were under budget by \$2.5 million (4.0%) due to decreased personnel and operating expenses. Additionally, capital outlays were under budget (residual appropriations for incomplete capital projects will carry over into Fiscal Year 2014).

Justice activities were under budget by \$1.55 million. Personnel costs were significantly under budget (\$1.47 million). The combination of lower than expected revenues, extra capital expenditures and operational savings made up the difference.

The County's combined Governmental and Business activities ending net position totaled \$138.2 million. Of this amount, \$44.7 million is unrestricted; available for spending on behalf of our citizens.

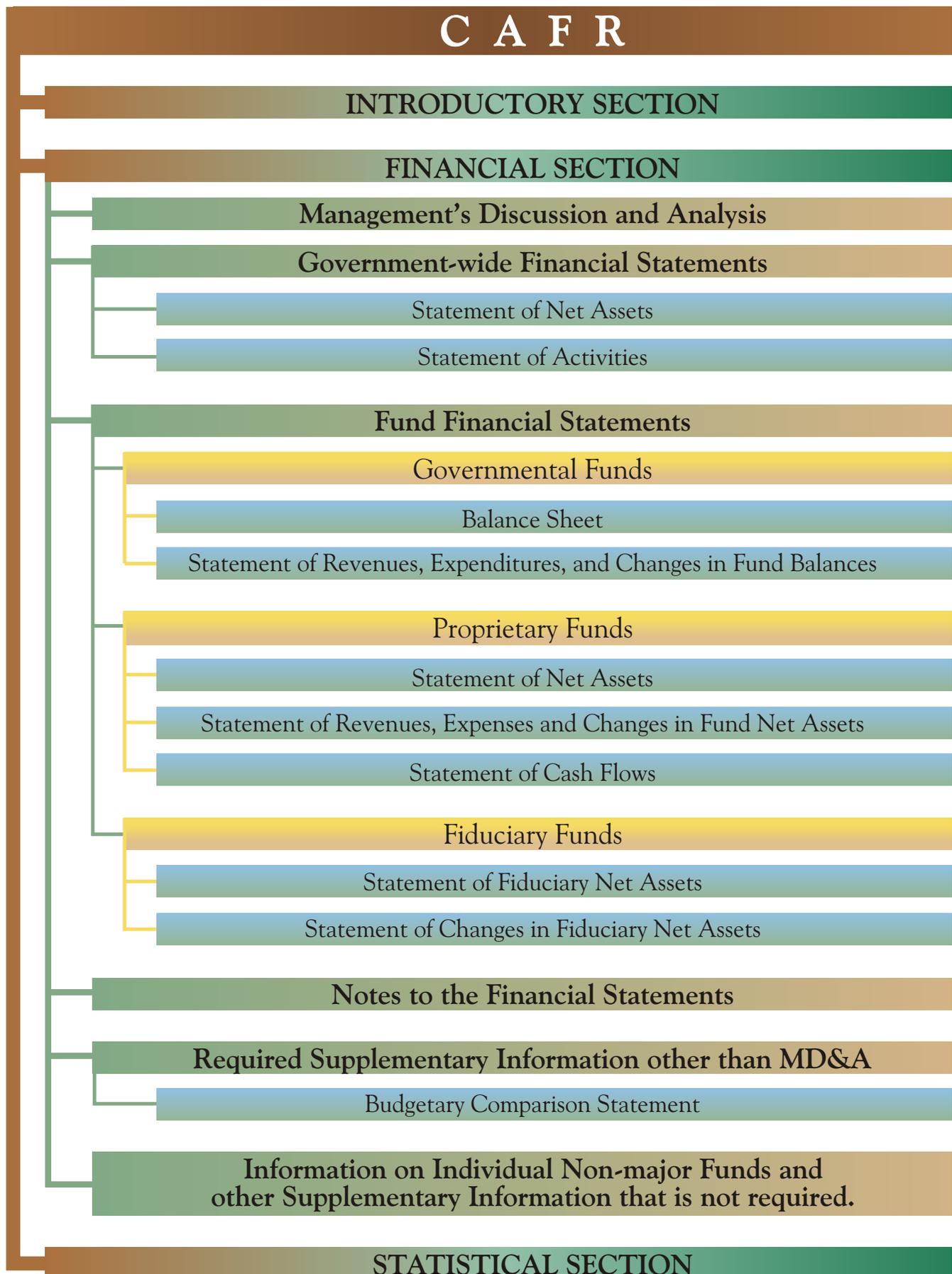
The County's unrestricted position from governmental activities was \$29.9 million, a 5.9% increase over the prior year. The increase is primarily attributable to under-expenditure of budget in Fiscal Year 2013.

Drug seizure operations became a standalone County Fund in 2013. All drug forfeiture assets will be used to reduce drug trade activity throughout Kootenai County.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Some allow the reader to understand the County as an entire operating entity; others provide a detailed look at specific financial conditions. This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements contain three (3) components: 1) the County-wide financial statements, 2) specific fund financial statements, and 3) notes to the financial statements. These various elements of the Comprehensive Annual Financial Report (CAFR) are related as shown in the graphic below.

Organization of Kootenai County's Comprehensive Annual Financial Report as illustrated:



The following table summarizes the major features of the financial statements and describes the structure and contents of each statement.

	Government-wide Statement	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the County for basic governmental services	The day-to-day operating activities of the County for business-type enterprises	Instances when the County administers resources on behalf of others, such as employee benefits
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; excludes capital assets and long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for other and all liabilities
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues when cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide financial statements provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business..

Statement of Net Position and Statement of Activities

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two (2) reported as Net Position. Changes in net position over time serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities shows how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting, similar to the method used by private-sector businesses. Accrual accounting considers all of the year's revenues and expenses, regardless of when the cash is received or paid.

Change in Net Position tells the reader whether the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information (such as changes in the County's tax base and the condition of the County's capital assets) will also need to be considered.

In the statement of net position and the statement of activities, the County is divided into three kinds of activities:

- ◆ *Governmental Activities* - Most of the County's programs and services are reported here, including general government, public safety, public works, health and human services, and culture and recreation. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.
- ◆ *Business-Type Activities* - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's Solid Waste Fund is its only Business-Type activity.
- ◆ *Component Units* - The County's financial statements include financial data of the Kootenai County Emergency Medical Services System, and the North Idaho Fair and Rodeo. These component units are separate from the County, and they may buy, sell, lease, and mortgage property in their own name.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Like other governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All the funds of the County fall into three (3) categories: governmental funds, proprietary funds, or fiduciary funds. Based on the restriction of the use of the moneys, the County has established many funds that account for the multitude of services provided to our residents.

Governmental Funds - Governmental funds account for essentially the same functions reported as Governmental Activities on the government-wide financial statements. Most of the County's basic services are reported in these funds, with the focus on how money flows into and out of the funds and what year-end balances remain available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

The focus of Governmental funds is narrower than that of the Government-wide financial statements, so it is useful to compare the two (2). Both the Governmental fund Balance Sheet and the Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances facilitate this comparison between governmental funds and governmental activities.

The County maintains numerous individual governmental funds, including the General Fund, Justice Fund, Airport Fund, Indigent Fund, Parks and Recreation, Revaluation, Liability Insurance, and District Court Fund. Information on each major fund is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances. The other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the Supplementary Information.

Proprietary Funds - The County has two types of proprietary funds. One (1), Enterprise funds, reports the same functions presented as Business-Type Activities on the government-wide financial statements (only Solid Waste operations). The second type is Internal Service Fund, Health Insurance which accounts for self insured services. Health Insurance is consolidated into Governmental-Type Activities on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds account for resources held for the benefit of parties outside the County. Because these funds are not available to the County, fiduciary funds are not reflected on the government-wide financial statements.

Other Fund Financial Statement Information - the following sections provide further information regarding fund financial reporting:

Notes to the Financial Statements - Further disclosure of fund reporting guidelines and balances.

Required Supplementary Information - Combinations of individual fund statements and schedules.

Government-wide Financial Analysis

Table 1, summarizes Kootenai County's Net Position for 2012 compared with 2013

	Kootenai County's Net Position (amounts in 000)						
	Governmental Activities		Business-type Activities		Total		Total % Change
	2012	2013	2012	2013	2012	2013	2012-2013
Current and other assets	\$ 81,211	\$ 83,789	\$ 28,716	\$ 28,737	\$ 109,927	\$ 112,526	2.4%
Capital assets	54,423	53,954	25,796	28,810	80,219	82,764	3.2%
Total assets	135,634	137,743	54,512	57,547	190,146	195,290	2.7%
Other liabilities and deferrals	48,836	48,013	7,862	8,294	56,698	57,107	0.7%
Total liabilities and deferrals	48,836	48,013	7,862	8,294	56,698	57,107	0.7%
Net position							
Net investment in capital assets	54,423	53,954	25,796	28,810	80,219	82,764	3.2%
Restricted	4,178	5,120	8,775	5,589	12,953	10,709	-17.3%
Unrestricted	28,197	29,856	12,079	14,854	40,276	44,710	11.0%
Total net position	\$ 86,798	\$ 88,930	\$ 46,650	\$ 49,253	\$ 133,448	\$ 138,183	3.5%

Total County assets exceeded liabilities by \$138.2 million (\$88.9 million in Governmental activities and \$49.3 million in Business-Type activities).

Net Investment in Capital Assets (land, buildings, improvements, machinery and equipment, vehicles, and infrastructure), totals \$82.8 million, which represents 60% of the County's net position. Investment in capital assets provides services to citizens, but the assets are not available resources for future spending.

All capital assets are wholly owned by the County. No debt strengthens the County's overall liquidity, and frees up resources to deliver services to citizens.

\$5.2 million of the County's Governmental Activities net position (5.8%) has restrictions on how the assets can be used. The \$29.9 million (33.6%) of Unrestricted Governmental Activities net position may be used to meet the County's ongoing obligations.

Kootenai County Comprehensive Annual Financial Report - FY 2013

Table 2, shows the changes in net position for 2012 and 2013:

Changes in Kootenai County's Net Position
as of September 30, 2012 and 2013
(amounts in 000)

	Governmental Activities		Business-type Activities		Total		Percentage Change 2012-2013
	2012	2013	2012	2013	2012	2013	
Revenues							
Program revenues							
Charges for services	\$ 18,777	\$ 21,367	\$ 10,722	\$ 10,962	\$ 29,499	\$ 32,329	9.6%
Federal grants	5,780	3,375	170	-	5,950	3,375	-43.3%
State grants	887	1,451	-	-	887	1,451	63.6%
General revenues							
Property taxes	42,015	42,290	-	-	42,015	42,290	0.7%
Other	1,328	841	580	596	1,908	1,437	-24.7%
Total revenues	68,787	69,324	11,472	11,558	80,259	80,882	0.8%
Expenses							
General government	23,479	23,043	-	-	23,479	23,043	-1.9%
Public works	1,947	3,204	-	-	1,947	3,204	64.6%
Public safety	33,654	36,439	-	-	33,654	36,439	8.3%
Sanitation weed control	301	342	-	-	301	342	13.6%
Health and welfare	4,549	3,808	-	-	4,549	3,808	-16.3%
Culture and recreation	818	727	-	-	818	727	-11.1%
Interest on long term debt	23	-	-	-	23	-	-100.0%
Solid waste	-	-	9,038	8,396	9,038	8,396	-7.1%
Total expenses	64,748	67,563	9,038	8,396	73,786	75,959	2.9%
Excess before special items and transfers	4,039	1,761	2,434	3,162	6,473	4,923	-23.9%
Gain (loss) on sale of assets	(6)	(237)	4	50	(2)	(187)	-9250.0%
Transfers in (out)	526	608	(526)	(608)	-	-	0.0%
Increase net position	\$ 4,559	\$ 2,132	\$ 1,912	\$ 2,604	\$ 6,471	\$ 4,736	-26.8%

Governmental Activities

Program revenues increased slightly in Fiscal Year 2013; with \$0.5 million of the increase attributable to Governmental operations. Charges for services is the County's second largest source of program revenue (behind property tax revenue), and it accounted for \$21.4 million (30.8%) of total governmental revenues. Major revenue increases in Fiscal Year 2013 include drug seizure forfeitures of \$1.8 million, which is a new activity for the county.

Combined charges for services, and grant source revenue totaled \$26.2 million, or 38.8% of funding for the County's governmental expenses. Combined operational and capital grant revenues were 27.6% lower from the prior year, (decreasing \$1.8 million to \$4.8 million in 2013.)

Federal and State grant sources made up \$4.8 million (6.0%) of total governmental revenues. Federal grants revenue decreased by \$2.4 million from 2012 due to the completion of a major airport runway expansion funded by the Federal Aviation Administration. State grant revenue increased by \$0.6 million in Fiscal Year 2013, and supported projects administered by the Office of Emergency Management, Parks and Waterways, and the Justice Fund.

Property tax revenues in the Governmental funds were \$42.3 million (61%) of the \$69.3 million revenue total. Governmental Property Tax revenues remained consistent between years.

The County's largest tax-supported operational expenses are the Sheriff's Jail program (\$10.3 million), and Sheriff's Patrol (\$6.5 million). Spending for these programs are consistent between years.

General Government

Table 3, reflects the total cost of program services and the net cost, once the direct program revenues are factored in. Direct program revenues include charges for services and grants. The net cost of services identifies costs which are supported by tax revenues or by general revenues such as interest.

This statement reflects the cost of program services and the direct program revenues offsetting those services, which include charges for services, sales, grants, and contributions. The net cost of services identifies the cost of those services which are supported by tax revenues and by unrestricted intergovernmental revenues.

Net Cost of Kootenai County's Governmental Activities
as of September 30, 2012 and 2013
(amounts in 000)

	Total Cost of Services		Percentage Change	Net Cost of Service		Percentage Change
	2012	2013	2012-2013	2012	2013	2012-2013
General government	\$ 23,479	\$ 23,043	-1.9%	\$ 13,636	\$ 12,801	-6.1%
Public works	1,947	3,204	64.6%	(1,790)	1,280	-171.5%
Public safety	33,654	36,439	8.3%	22,418	23,813	6.2%
Sanitation (weed control)	301	342	13.6%	265	326	23.0%
Health and welfare	4,549	3,808	-16.3%	4,549	3,608	-20.7%
Culture and recreation	818	727	-11.1%	226	(458)	-302.7%
Total	\$ 64,748	\$ 67,563	4.3%	\$ 39,304	\$ 41,370	5.3%

The County's total cost of services increased by \$2.8 million (4.3%) over the prior year. Public Safety activities accounted for the increased cost of services.

Public Safety is the largest portion (54%) of overall County expenses at \$36.4 million. Total Public Safety costs increased \$2.8 million (8.3%) from the prior year, and net cost of services increased \$1.4 million from the prior year as less direct revenue offset expenses.

Total cost of services for General Government decreased slightly (1.9%) due to fewer grant expenses, and net costs decreased 6.1% requiring less use of unrestricted net position or tax revenue.

Figure 4: Property Tax Support-Primary Government

The figure below provides a graphical analysis of property tax that directly supports operations of the primary government. The County levies property tax to pay for expenses not otherwise collected through fees, charges, grant revenue, or net asset reserves. Property tax collections that are not spent in the current year are assets, which are available to support future period operations.

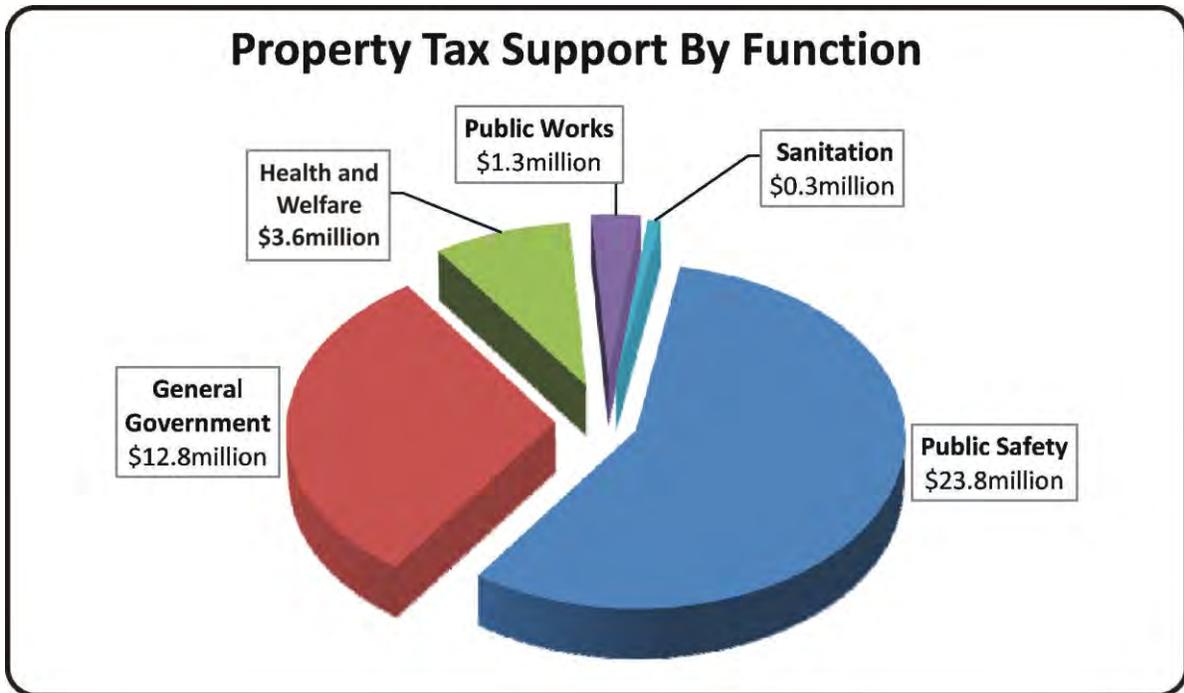
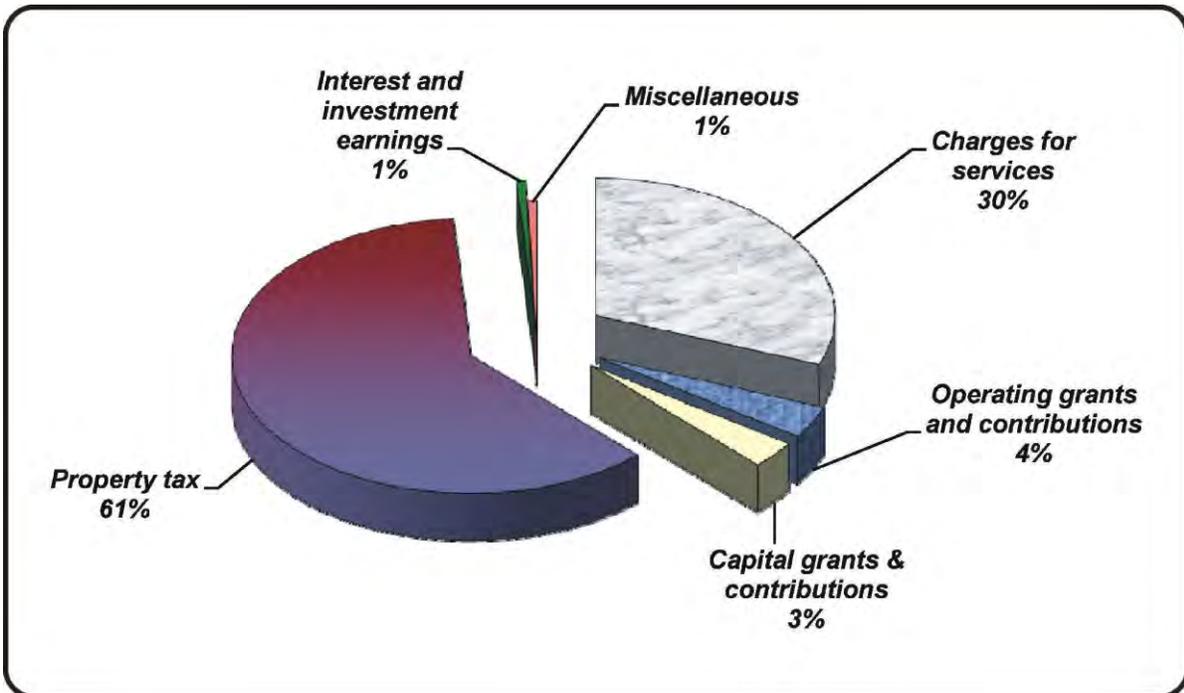


Figure 5: Revenues by Source-Government Activities

The figure below indicates County Fiscal Year 2013 revenue by category and percent of the total revenue.



Business-Type Activities

Net Position for the County's Business-Type Activities (Solid Waste) increased by \$2.6 million in 2013, which is 54% of the overall change in the County's net position. The net position increase results from \$10.7 million in service charge revenues, exceeding Solid Waste operating expenses of \$8.40 million. No landfill closure/postclosure costs were recognized in 2013 increasing net position.

Figure 6: Program Revenues and Expenses - Business-type Activities

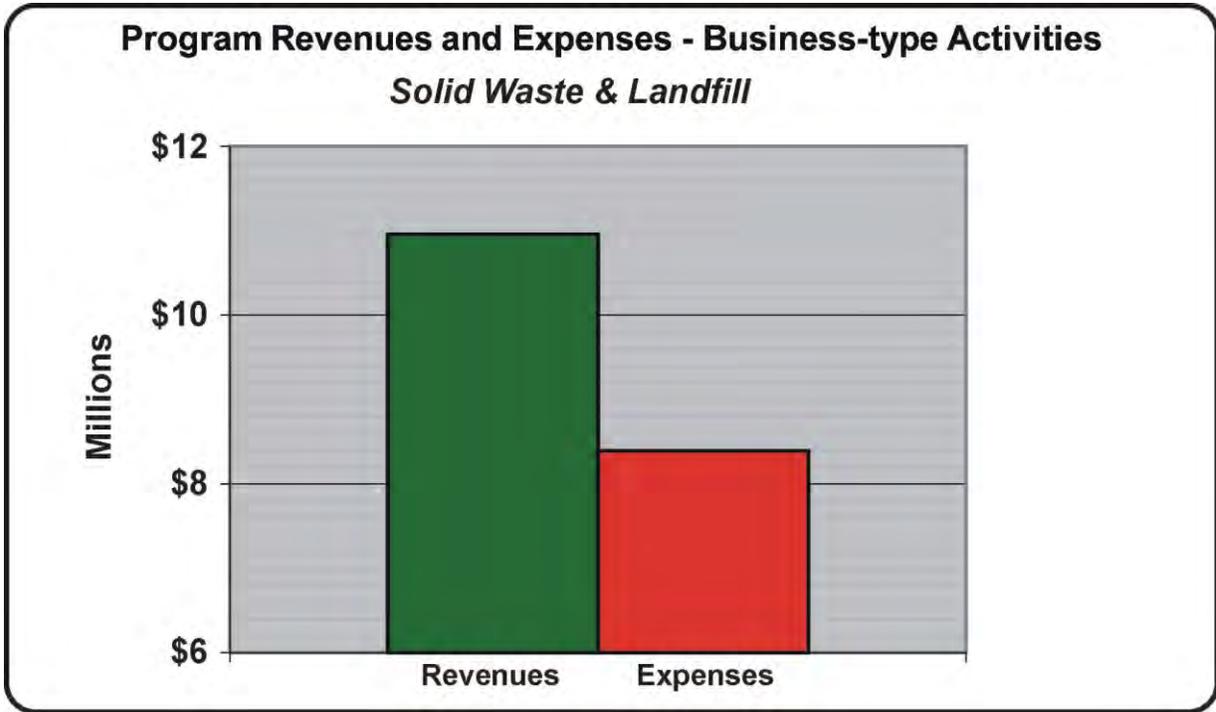
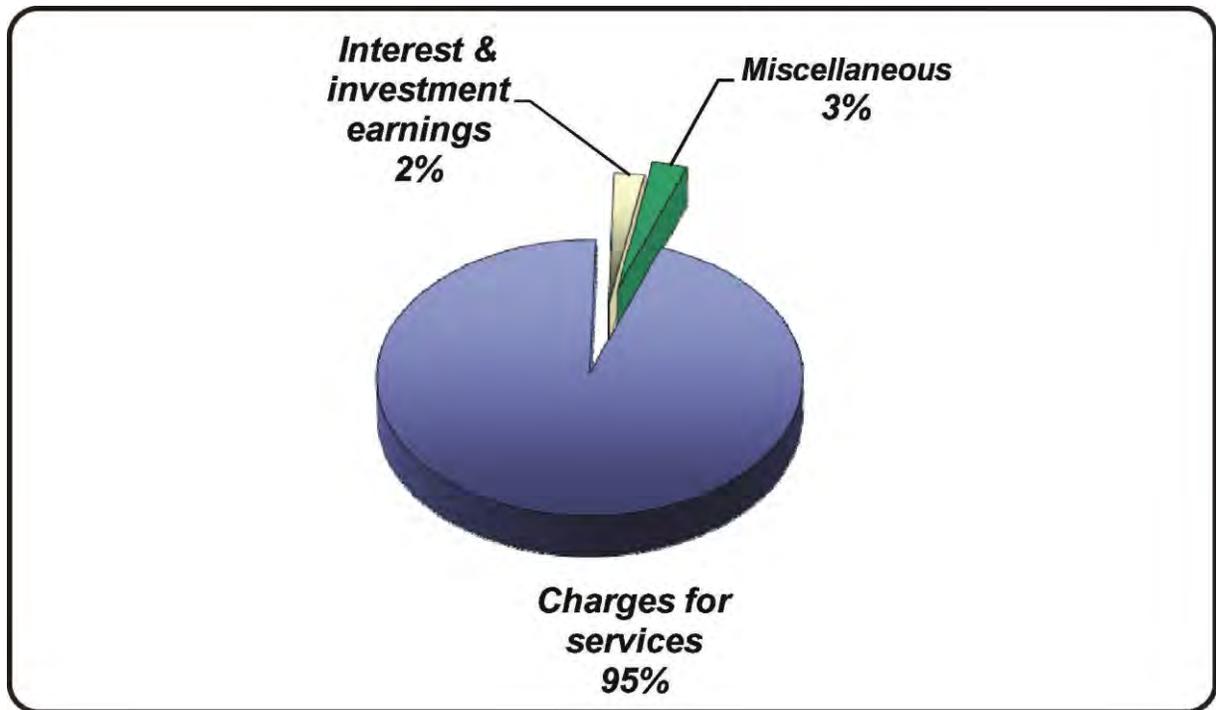


Figure 7: Revenues by Source - Business-type Activities



Charges for Services are the only revenue source for Solid Waste. Any excess funds are used as investment capital for landfill projects or capital improvements without incurring debt.

FINANCIAL ANALYSIS OF THE COUNTY FUNDS

The County uses fund accounting, as do most governmental agencies, to ensure compliance with legal requirements related to financial reporting.

Governmental Funds

Fund balances provide information on inflows, outflows, and balances of spendable resources, which is useful in assessing available finances for future County services. In particular, unassigned fund balance serves as one (1) measure of the County's available future resources.

As of September 30, 2013, the County's governmental funds had a combined ending fund balance of \$36.6 million, an increase of \$2.5 million over the prior year. Approximately \$13 million (37%) of this total is unassigned fund balance, available for spending at the County's discretion. The remaining \$23.6 million (63%) is reserved for dedicated purposes in one (1) of four (4) designated fund balance categories: Assigned, Committed, Restricted, and Nonspendable. (Each of these categories is described in more detail in the financial statement Notes.)

General Fund unassigned fund balance totaled \$13.2 million at the end of Fiscal Year 2013; total General Fund balance was \$33 million.

The General Fund is the County's primary operating fund. It includes Commissioner General Fund programs, and Justice Services, such as Sheriff Patrol and Jail operations. The County's General Fund balance increased by \$2.3 million (7.6%) during Fiscal Year 2013. This increase was the result of higher delinquent property tax collections, and higher charges for service. Fiscal Year 2013 General Fund expenditures of \$51 million, increased \$1.1 million (2%), over prior year expenditures.

As a liquidity measure, it is useful to compare both unassigned fund balance and total fund balance to total General Government expenditures, which were \$51.1 million. Therefore, unassigned fund balance represents 26% of total General Fund expenditures, and total fund balance represents nearly 64% of total expenditures.

No unanticipated fund balances were accessed to support general government operations during the year, nor were there significant unanticipated transfers out of the General Fund to support other governmental funds (such as Indigent Services) as required in prior years.

Enterprise Funds

The County's enterprise funds (Solid Waste) had Unrestricted net position of \$14.9 million in 2013, up from \$12 million in Fiscal Year 2012. The \$2.9 million increase resulted from fewer restrictions placed on Fiscal Year 2013 net position, as the next phase of the East Cell landfill expansion reaches completion.

BUDGETARY HIGHLIGHTS

By State statute, the Board of County Commissioners adopts the annual operating budget for the County, effective October 1st. For the General Fund, the change from the original to the final budget was a net increase in expenditures of \$4.2 million, most of which was for increases in capital projects in Fiscal Year 2013. Revenues for these were appropriated from fund balance reserves.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: Kootenai County's Fiscal Year 2013 capital investments for its Governmental and Business Type activities totaled \$82.7 million, net of depreciation. These investments included land, buildings, improvements, machinery and equipment, and construction in progress. (See Table 4) The net increase (including depreciation, additions and deductions) in the County's investment in capital assets was \$2.5 million (a 1% increase for Governmental activities, and a 12% increase for Business Type activities).

Table: 8

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2012-2013
	2012	2013	2012	2013	2012	2013	
Land	\$ 5,417	\$ 5,417	\$ 1,659	\$ 1,747	\$ 7,076	\$ 7,164	1.2%
Buildings	20,162	19,363	252	221	20,414	19,584	-4.1%
Improvements other than buildings	15,510	15,512	858	1,045	16,368	16,557	1.2%
Machinery and equipment	6,886	8,308	2,993	3,530	9,879	11,838	19.8%
Transfer stations			13,886	13,265	13,886	13,265	-4.5%
Landfill			5,621	5,310	5,621	5,310	-5.5%
Construction in progress	6,448	5,354	527	3,692	6,975	9,046	29.7%
Total	\$ 54,423	\$ 53,954	\$ 25,796	\$ 28,810	\$ 80,219	\$ 82,764	3.2%

Major capital asset activities during Fiscal Year 2013 included:

- ◆ Airport infrastructure improvements totaled \$1.5 million.
- ◆ The Sheriff's 9-1-1 call center equipment totaled \$942,000.
- ◆ The Sheriff's purchase of ten (10) new, fully-equipped patrol vehicles totaled \$329,000.
- ◆ The Solid Waste Department Fighting Creek Landfill improvements totaled \$3.4 million, and a new Compactor and Excavator totaled \$1 million.

Additional information on Kootenai County's capital assets can be found in Note 5 (Capital Assets) to the financial statements for Fiscal Year 2013.

ECONOMIC FACTORS

In Kootenai County, phrases used to describe movement among economic indicators in the last few years range from "up and down" to "nominal changes".

According to the Idaho Department of Labor, North Idaho experienced a net loss in overall employment, and "Kootenai County suffered the largest net loss of 600 jobs, about 1.2 percent" for the first half of 2013.

Also according to the Idaho Department of Labor, jobs in our state pay poorly: Idaho ranked 50th among the states for average wage, the same for per capita income, and also for the lowest amount of wage increases, between 2007 and 2012. Idaho ranked first among the fifty (50) states for having the highest percentage of workers making the minimum wage: 7.7% of Idaho's workers are in that category, while the national average is 4.7%.

Relative demand in the local housing market was spotty, and has not yet resulted in a rise in construction jobs. Kootenai County's 2013 residential building permits increased by 48% from the prior year, though permit values averaged about the same as the prior year. The average 2013 value of commercial building permits approximated those of the prior year, though the number of these permits issued reached a ten (10) year low.

Assessed value for all property types in Kootenai County increased from the prior year and now stands at a net taxable value of \$14.5 billion dollars this Fiscal Year.

REQUEST FOR INFORMATION

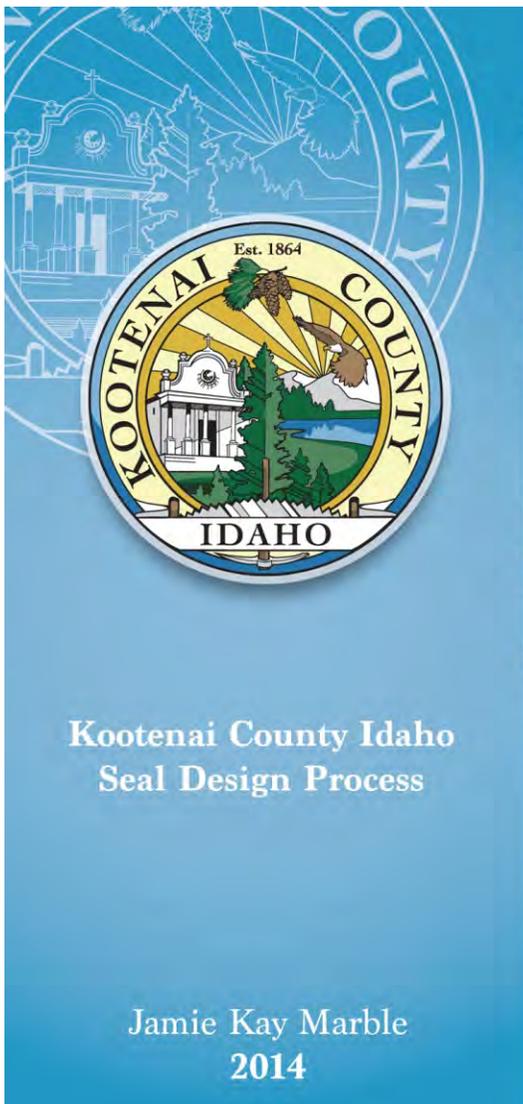
This financial report is designed to provide a general overview of the County's finances for all those with an interest in the Government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Kootenai County Auditor
P.O. Box 9000
Coeur d'Alene, Idaho 83816-9000.
or
Email: kcauditor@kcgov.us

Basic Financial Statements

One of the duties of the Board of County Commissioners (Idaho Code §31-821) is to adopt a seal for their Board. In the Spring of 2013, the Board made a decision to hold a contest, in order to commission a new County seal designed to commemorate the 2014 Kootenai County Sesquicentennial Celebration. The winning seal would then be adopted by the Board as their official County Seal.

Ten artists submitted designs for consideration, and on January 7, 2014, the Board adopted the seal below, which was designed by North Idaho College graphic design student Jamie Kay Marble. The various components of the seal are described here, in Ms. Marble's own words:



Western White Pine Cones - State tree of Idaho and symbol of Kootenai County's abundant natural resources.

Bald Eagle - The national bird and a symbol of freedom. Coeur d'Alene is known for its thriving eagle population.

The Cataldo Mission - Built in 1848, the Cataldo Mission is the oldest standing building in Idaho.

Lake Coeur d'Alene - "Kootenai" is derived from the Kutenai word meaning "water people." Kootenai County's most striking natural feature is Lake Coeur d'Alene. Rich with history, this lake is a major habitat for wildlife and a present day source of recreation and tourism in our community.

Saw - Symbol of the logging industry, one of the primary industries Kootenai County was built on.

Pickaxe - Symbol of the mining industry which Kootenai County was built on.

The Kootenai County Seal design was inspired by the most memorable aspects of Kootenai County itself, from its most famous landmark and the oldest standing building in the state, the Cataldo Mission, across the backdrop of mountains, through trees that dot the landscape, and into the great Lake Coeur d'Alene. The saw and pickaxe represent the foundation that our county grew out of, our roots, while the central tree climbing into the sky represents a county that is continually growing. The contrast between the bold geometry of the mission and the soft lines of the nature around us reflects the hardy, yet compassionate people that populate our county. The eagle is an embodiment of the freedom Kootenai County provides its citizens.

KOOTENAI COUNTY, IDAHO
Statement of Net Position
September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	North Idaho Fair & Rodeo Dec. 31, 2012	KCEMSS Sept. 30, 2013
ASSETS					
Cash and investments	\$ 39,539,120	\$ 20,967,594	\$ 60,506,714	\$ 252,729	\$ 2,677,655
Taxes current-receivable	40,239,694	-	40,239,694	-	-
Taxes delinquent-receivable	1,004,356	-	1,004,356	-	-
Accounts receivable, (net)	1,936,749	749,303	2,686,052	1,613	736,536
Interest receivable	3,332	1,188	4,520	-	-
Grants receivable	786,107	-	786,107	-	-
Inventories and prepaid expenses	279,622	-	279,622	-	142,319
Restricted assets:					
Cash held for closure and postclosure	-	7,019,000	7,019,000	-	-
Capital assets:					
Land	5,416,814	1,747,114	7,163,928	-	403,990
Depreciable assets, (net)	42,588,866	23,370,948	65,959,814	1,638,298	1,393,190
Non-depreciable other assets	594,272	-	594,272	-	-
Construction in progress	5,354,330	3,691,965	9,046,295	-	95,425
Total Assets	\$ 137,743,262	\$ 57,547,112	\$ 195,290,374	\$ 1,892,640	\$ 5,449,115
LIABILITIES					
Accounts payable	\$ 1,737,444	\$ 1,050,541	\$ 2,787,985	\$ 21,663	\$ 42,022
Payroll and related liabilities	1,687,685	-	1,687,685	11,075	-
Other accrued liabilities	-	845	845	14,787	27,271
Unearned revenues	736,735	-	736,735	-	-
Non-current liabilities:					
Compensated absences					
Due within one year	138,648	7,040	145,688	-	-
Due in more than one year	4,272,487	216,967	4,489,454	-	-
Landfill closure liability	-	7,019,000	7,019,000	-	-
Total Liabilities	8,572,999	8,294,393	16,867,392	47,525	69,293
DEFERRED INFLOWS OF RESOURCES					
Unearned property tax revenues	40,239,694	-	40,239,694	-	-
Deferred Inflows of Resources	40,239,694	-	40,239,694	-	-
NET POSITION					
Invested in capital assets	53,954,282	28,810,027	82,764,309	1,638,298	1,892,605
Restricted					
9-1-1 Enhanced system fee carryover	1,814,190	-	1,814,190	-	-
Court facilities	341,077	-	341,077	-	-
Juvenile justice services	179,428	-	179,428	-	-
Court interlock	83,773	-	83,773	-	-
Sheriff commissary	82,938	-	82,938	-	-
Capital project carryover-solid waste	-	2,400,692	2,400,692	-	-
Landfill expansion project-solid waste	-	3,188,599	3,188,599	-	-
Operations	2,618,801	-	2,618,801	-	2,597
Unrestricted :					
Governmental type activities	29,856,080	-	29,856,080	-	-
Business type activities	-	14,853,401	14,853,401	206,817	3,484,620
Total Net Position	88,930,569	49,252,719	138,183,288	1,845,115	5,379,822
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 137,743,262	\$ 57,547,112	\$ 195,290,374	\$ 1,892,640	\$ 5,449,115

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Activities
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 23,043,583	\$ 8,165,539	\$ 1,936,544	\$ 140,347
Public works	3,203,820	568,048	-	1,356,015
Public safety	36,439,516	12,012,449	593,335	20,574
Sanitation	341,850	90	15,261	-
Health and welfare	3,807,954	200,500	-	-
Culture and recreation	726,691	420,734	56,713	706,904
Total governmental activities	67,563,414	21,367,360	2,601,853	2,223,840
Business-type activities:				
Solid waste and landfill	8,396,022	10,961,658	-	-
Total business-type activities	8,396,022	10,961,658	-	-
Total primary government	\$ 75,959,436	\$ 32,329,018	\$ 2,601,853	\$ 2,223,840
Component units:				
County fair	\$ 1,112,788	\$ 967,560		
KCEMSS	6,136,988	3,767,090		
Total component units	\$ 7,249,776	\$ 4,734,650		

General revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Miscellaneous
 - Interest and investment earnings
 - Gain (Loss) on sale of assets/property

Transfers

Total general revenues and transfers

Change in net position

Net position—beginning

Net position—ending

The notes to the financial statements are an integral part of this statement.

Kootenai County Comprehensive Annual Financial Report - FY 2013

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Units	
			North Idaho Fair & Rodeo	KCEMSS
\$ (12,801,153)	\$ -	\$ (12,801,153)	-	-
(1,279,757)	-	(1,279,757)	-	-
(23,813,158)	-	(23,813,158)	-	-
(326,499)	-	(326,499)	-	-
(3,607,454)	-	(3,607,454)	-	-
457,660	-	457,660	-	-
(41,370,361)	-	(41,370,361)	-	-
-	2,565,636	2,565,636	-	-
-	2,565,636	2,565,636	-	-
(41,370,361)	2,565,636	(38,804,725)	-	-
			\$ (145,228)	\$ -
			-	(2,369,898)
			(145,228)	(2,369,898)
42,290,330	-	42,290,330	75,000	2,188,366
425,127	318,398	743,525	-	8,495
416,092	277,107	693,199	1,831	2,716
(236,584)	49,973	(186,611)	(690)	(1,800)
607,801	(607,801)	-	-	-
43,502,766	37,677	43,540,443	76,141	2,197,777
2,132,405	2,603,313	4,735,718	(69,087)	(172,121)
86,798,164	46,649,406	133,447,570	1,914,202	5,551,943
\$ 88,930,569	\$ 49,252,719	\$ 138,183,288	\$ 1,845,115	\$ 5,379,822

KOOTENAI COUNTY, IDAHO
Balance Sheet
Governmental Funds
September 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash in bank and investments	\$ 32,805,105	\$ 4,206,209	\$ 37,011,314
Taxes current	40,239,694	-	40,239,694
Taxes delinquent-receivable	776,479	227,877	1,004,356
Accounts receivable, (net)	1,729,122	201,178	1,930,300
Interest receivable	3,329	3	3,332
Grants receivable	171,515	614,592	786,107
Prepays	274,414	3,680	278,094
Due from other funds	362,846	-	362,846
Total Assets	\$ 76,362,504	\$ 5,253,539	\$ 81,616,043
Liabilities			
Accounts payable	\$ 952,751	\$ 739,197	\$ 1,691,948
Payroll and related liabilities	1,252,416	-	1,252,416
Due to other funds	-	362,846	362,846
Unearned revenue-other	381,624	169,265	550,889
Unearned revenue-grants	9,512	176,336	185,848
Total Liabilities	2,596,303	1,447,645	4,043,948
Deferred Inflows of Resources			
Unavailable property taxes	40,817,993	171,800	40,989,793
Total Deferred Inflows of Resources	40,817,993	171,800	40,989,793
Fund Balances			
Nonspendable	274,414	3,680	278,094
Restricted	3,083,266	2,036,941	5,120,207
Committed	15,812,563	1,487,079	17,299,642
Assigned	554,880	106,394	661,274
Unassigned	13,223,085	-	13,223,085
Total Fund Balances	32,948,208	3,634,094	36,582,302
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 76,362,504	\$ 5,253,539	\$ 81,616,043

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2013

Total governmental fund balances (page 30)	\$	36,582,302
Amounts reported for governmental activities in the statement of net position (page 27) are different because:		
The County's delinquent property tax revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds.		750,099
Capital assets used in governmental activities are not financial resources and this amount reflects the initial investment in capital assets therefore, are not reported in the funds.		53,954,282
Internal service funds are used by management to charge the cost of certain activities, such as health insurance cost, to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,055,021
Long-term liabilities, including capital leases payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		(4,411,135)
Total Net Position of Governmental Activities as shown on the Statement of Net Position:	\$	88,930,569

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 33,072,884	\$ 9,571,142	\$ 42,644,026
Licenses and permits	1,338,538	129,938	1,468,476
Intergovernmental	9,640,641	3,914,001	13,554,642
Interest	415,710	383	416,093
Fines and forfeitures	1,424,949	858,739	2,283,688
Charges for services	6,405,321	814,849	7,220,170
Miscellaneous	443,367	1,259,041	1,702,408
Total Revenues	52,741,410	16,548,093	69,289,503
Expenditures			
Current:			
General government	18,386,509	3,625,946	22,012,455
Public works	-	810,421	810,421
Public safety	28,948,370	4,813,292	33,761,662
Sanitation	-	289,290	289,290
Health & welfare	436,042	3,370,898	3,806,940
Culture and recreation	-	642,883	642,883
Capital Outlay:			
Capital expenditures	3,103,160	358,069	3,461,229
Construction in progress	265,340	2,386,274	2,651,614
Total Expenditures	51,139,421	16,279,567	67,418,988
Excess of Revenues Over Expenditures	1,601,989	268,526	1,870,515
Other Financing Sources (Uses)			
Proceeds insurance	2,300	24,280	26,580
Transfers in	1,022,629	276,642	1,299,271
Transfers (out)	(293,973)	(397,497)	(691,470)
Total Other Financing Sources (Uses)	730,956	(96,575)	634,381
Net Change in Fund Balances	2,332,945	171,951	2,504,896
Fund Balances Beginning of Year	30,615,263	3,462,143	34,077,406
Fund Balances End of Year	\$ 32,948,208	\$ 3,634,094	\$ 36,582,302

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds (page 32)	\$	2,504,896
Amounts reported for governmental activities in the statement of activities (pages 28 and 29) are different because:		
Revenues in the statement of activity that do not provide current financial resources are not reported as revenues in the funds, such as earned but unavailable property tax revenue.		(353,696)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. (\$6,112,843 - \$6,705,089)		(592,246)
Loss on disposal of capital assets		(236,584)
Donations of capital assets are reported as revenue in the statement of activities, but not in the governmental funds.		359,684
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		(130,950)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		581,301
Total Change in Net Position of Governmental Activities as shown on the Statement of Activities	\$	2,132,405

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Net Position
Proprietary Funds
September 30, 2013 and 2012

	Business-type activity Solid Waste Enterprise Fund		Governmental-type activity Health Insurance Internal Service Fund	
	2013	2012	2013	2012
Assets				
Current Assets:				
Cash and investments	\$ 20,967,594	\$ 21,172,004	\$ 2,527,806	\$ 1,944,400
Accounts receivable, (net)	749,303	523,036	6,451	7,810
Prepays	-	-	1,528	1,459
Interest receivable	1,188	1,821	-	-
Total Current Assets	<u>21,718,085</u>	<u>21,696,861</u>	<u>2,535,785</u>	<u>1,953,669</u>
Noncurrent Assets:				
Restricted Assets:				
Cash held for closure and post closure	7,019,000	7,019,000	-	-
Capital Assets:				
Land	1,747,114	1,658,532	-	-
Depreciable assets, (net)	23,370,948	23,610,302	-	-
Construction in progress	3,691,965	527,027	-	-
Total Noncurrent Assets	<u>35,829,027</u>	<u>32,814,861</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 57,547,112</u>	<u>\$ 54,511,722</u>	<u>\$ 2,535,785</u>	<u>\$ 1,953,669</u>
Liabilities				
Current Liabilities:				
Accounts payable	\$ 1,050,541	\$ 635,417	\$ 45,495	\$ 41,235
Payroll and other related liabilities	-	-	435,269	438,714
Other accrued liabilities	845	-	-	-
Unearned revenue	-	170,058	-	-
Compensated absences-current	7,040	6,296	-	-
Total Current Liabilities	<u>1,058,426</u>	<u>641,713</u>	<u>480,764</u>	<u>479,949</u>
Long-Term Liabilities:				
Compensated absences due in more than one year	216,967	201,603	-	-
Landfill closure liability	7,019,000	7,019,000	-	-
Total Long-Term Liabilities	<u>7,235,967</u>	<u>7,220,603</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>8,294,393</u>	<u>7,862,316</u>	<u>480,764</u>	<u>479,949</u>
Net Position				
Net investment in capital assets	28,810,027	25,795,861	-	-
Restricted for:				
Capital appropriation carryover	2,400,692	2,366,128	-	-
Landfill expansion	3,188,599	6,408,638	-	-
Unrestricted	14,853,401	12,078,779	2,055,021	1,473,720
Total Net Position	<u>49,252,719</u>	<u>46,649,406</u>	<u>2,055,021</u>	<u>1,473,720</u>
Total Liabilities and Net Position	<u>\$ 57,547,112</u>	<u>\$ 54,511,722</u>	<u>\$ 2,535,785</u>	<u>\$ 1,953,669</u>

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Years Ended September 30, 2013 and 2012

	Business-type activity Solid Waste Enterprise Fund		Governmental-type activity Health Insurance Internal Service Fund	
	2013	2012	2013	2012
Operating Revenues				
Charges for services	\$ 10,961,658	\$ 10,721,809	\$ 6,263,069	\$ 6,407,193
Miscellaneous	318,398	516,344	128,579	54,883
Total Operating Revenues	<u>11,280,056</u>	<u>11,238,153</u>	<u>6,391,648</u>	<u>6,462,076</u>
Operating Expenses				
Personnel services	2,987,001	2,926,993	7,309	6,839
Professional services	1,839,396	2,011,262	5,876,217	6,415,143
Utilities	137,414	136,517	-	-
Materials and supplies	813,527	774,396	-	-
Maintenance and repairs	274,811	227,408	-	-
Other services and expenses	134,569	150,225	-	-
Depreciation and amortization	2,209,304	2,424,151	-	-
Landfill closure and post closure expense	-	387,000	-	-
Total Operating Expenses	<u>8,396,022</u>	<u>9,037,952</u>	<u>5,883,526</u>	<u>6,421,982</u>
Operating Income	<u>2,884,034</u>	<u>2,200,201</u>	<u>508,122</u>	<u>40,094</u>
Non-Operating Revenues				
Intergovernmental revenues	-	-	73,179	152,117
Interest and investment revenue	277,107	234,389	-	-
Gain on sale of assets	49,973	3,452	-	-
Total Non-Operating Revenues	<u>327,080</u>	<u>237,841</u>	<u>73,179</u>	<u>152,117</u>
Income (Loss) before Contributions and Transfers	<u>3,211,114</u>	<u>2,438,042</u>	<u>581,301</u>	<u>192,211</u>
Transfers in	62,327	13,606	-	-
Transfers (out)	(670,128)	(539,631)	-	-
Change in Net Position	<u>2,603,313</u>	<u>1,912,017</u>	<u>581,301</u>	<u>192,211</u>
Net Position Beginning of Year	<u>46,649,406</u>	<u>44,737,389</u>	<u>1,473,720</u>	<u>1,281,509</u>
Net Position End of Year	<u>\$ 49,252,719</u>	<u>\$ 46,649,406</u>	<u>\$ 2,055,021</u>	<u>\$ 1,473,720</u>

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Cash Flows
Proprietary Fund
For the Fiscal Years Ended September 30, 2013 and 2012

	Business-type Activities - Enterprise Fund Solid Waste		Governmental Activities Internal Service Fund Health Insurance	
	2013	2012	2013	2012
Cash Flows from Operating Activities				
Cash received from customers	\$ 10,735,391	\$ 10,872,145	\$ 6,264,428	\$ 6,475,694
Other cash receipts	318,398	516,344	128,579	54,883
Cash payments to employees	(2,970,893)	(2,951,699)	(10,754)	(9,570)
Cash payments for goods and services	(2,783,747)	(3,233,898)	(5,872,026)	(6,264,895)
Internal activity - payments from other funds	633	489	-	-
Net cash provided (used) by operating activities	5,299,782	5,203,381	510,227	256,112
Cash Flows from Noncapital Financing Activities				
Intergovernmental revenues	-	-	73,179	152,117
Transfers out	(607,801)	(526,025)	-	-
Net cash provided (used) by noncapital financing activities	(607,801)	(526,025)	73,179	152,117
Cash Flows from Capital and Related Financing Activities				
Payments for capital acquisitions	(5,223,471)	(1,420,307)	-	-
Proceeds from sale of capital assets	49,973	3,452	-	-
Net cash used by capital and related financing activities	(5,173,498)	(1,416,855)	-	-
Cash Flows from Investing Activities				
Interest on investments	277,107	234,389	-	-
Net cash provided by investing activities	277,107	234,389	-	-
Net increase (decrease) in Cash and Cash Equivalents	(204,410)	3,494,890	583,406	408,229
Cash and Cash Equivalents Beginning of Year	28,191,004	24,696,114	1,944,400	1,536,171
Cash and Cash Equivalents End of Year	\$ 27,986,594	\$ 28,191,004	\$ 2,527,806	\$ 1,944,400
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 2,884,034	\$ 2,200,201	\$ 508,122	\$ 40,094
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>				
Depreciation	2,209,304	2,424,151	-	-
<i>(Increase) Decrease in Assets:</i>				
Accounts receivable	(226,267)	150,337	1,359	68,501
Interest receivable	633	489	-	-
Inventories and prepaid expenses	-	-	(69)	(1,459)
<i>Increase (Decrease) in Liabilities:</i>				
Accounts payable	415,970	235,968	4,260	(1,272)
Payroll and other related liabilities	-	(977)	(3,445)	150,248
Deferred revenue	-	(170,058)	-	-
Compensated absences payable and other acrd liabilities	16,108	(23,730)	-	-
Landfill closure/postclosure liability	-	387,000	-	-
Net Cash Provided (Used) by Operating Activities	\$ 5,299,782	\$ 5,203,381	\$ 510,227	\$ 256,112

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 3,192,199	\$ 1,965,270
Receivables:		
Taxes delinquent	56,946	3,810,261
Accounts receivable, (net)	65,447	-
Total Assets	\$ 3,314,592	\$ 5,775,531
Liabilities		
Accounts payable	\$ 37,474	\$ 1,891,897
Uncollected property taxes due to other governments	587,318	3,838,610
Due in more than one year	41,117	-
Due to other individuals	2,400,509	-
Due to other governments	170,878	45,024
Total Liabilities	\$ 3,237,296	\$ 5,775,531
Net Position		
Held in trust for other purposes	\$ 77,296	\$ -

The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2013

	Private-Purpose Trust Funds
	2013
Additions	
Trust receipts	\$ 984
Total Additions	984
Deductions	
Trust withdrawals	4,942
Total Deductions	4,942
Decrease in Net Position	(3,958)
Net Position Beginning of Year	81,254
Net Position End of Year	\$ 77,296

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statement

Kootenai County ~ Then and Now

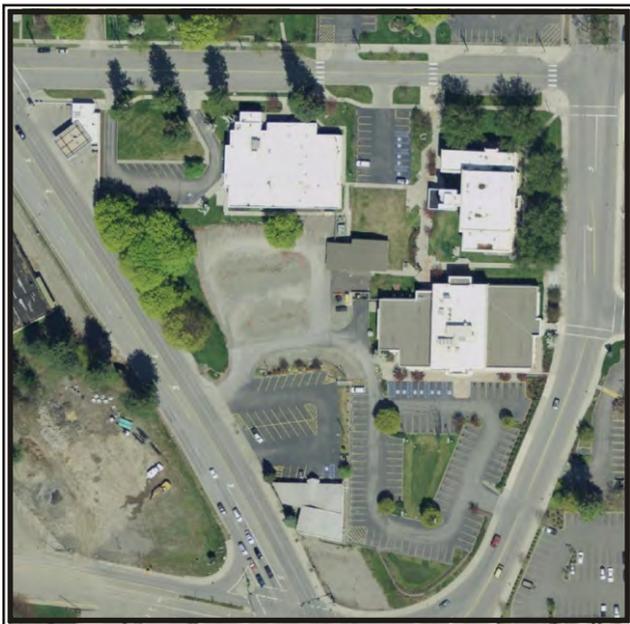
Kootenai County Population Statistics (per the U.S. Census bureau)

1900 - 10,216
1920 - 17,878
1940 - 22,283
1960 - 29,556
1980 - 59,770
2000 - 108,685
2010 - 138,494



Kootenai County encompasses an area that spans 1,310 square miles, including 18 lakes, 54 miles of navigable rivers, and nearly 250,000 acres of national forest land.

Through the years, the departments and administration of the County have dramatically grown and changed. As the area population continues to increase, and as technology and time take their tolls, new opportunities and challenges will continue to present themselves. And, as they do, the staff of more than 700 County employees will work together to ensure that Kootenai County remains a great place to work and play.



The downtown County Campus, as seen today.

Current County Facts and Figures

County Budget (actual, 2013) - \$79,184,624

Number of County Departments - 37

Number of Registered Voters - 68,219

Number of County Employees - 757

Number of Elected Officials - 9

NOTES TO THE FINANCIAL STATEMENTS

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KOOTENAI COUNTY, IDAHO
Notes to the Financial Statements
September 30, 2013

NOTE 1: SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Kootenai County, Idaho (the County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting and reporting standards are defined below.

A. Financial Reporting Entity

Kootenai County is governed by a three (3) member Board of County Commissioners (BOCC) elected by the voters of Kootenai County. The BOCC serves as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other elected officials are the Prosecutor, Treasurer, Clerk/Auditor, Assessor, Sheriff, Coroner, three (3) District Judges, and five (5) Magistrate Judges.

The elected officials and their departments comprise the primary government unit for Kootenai County. As required by Generally Accepted Accounting Principles (GAAP), the financial statements of the reporting entity include those of Kootenai County (the primary government) and two (2) component units, the North Idaho Fair and Rodeo and the Kootenai County Emergency Medical Services System. Both entities are included as discretely presented component units in the reporting entity because of the significance of their financial relationship with the County, as discussed below in the component unit section.

Discretely presented component units: North Idaho Fair and Rodeo and Kootenai County Emergency Medical Services System

In conformity with Generally Accepted Accounting Principles, the basic financial statements of the North Idaho Fair and Rodeo and the Kootenai County Emergency Medical Services System (KCEMSS) have been included in the financial reporting entity as discretely presented component units, emphasizing their nature as legally separate entities from the County. We present these component units as separate columns within the "basic" financial statements on the combined financial statements.

The North Idaho Fair and Rodeo is included as a component unit because Kootenai County maintains financial accountability. The Kootenai County Board of County Commissioners (BOCC) appoints all members of the North Idaho Fair and Rodeo Board. Furthermore, the BOCC has the authority to modify or approve the annual budget and has assumed secondary responsibility for debt of the North Idaho Fair and Rodeo.

The Board of County Commissioners approves the annual KCEMSS operating budget, and is responsible for levying the balance necessary to fund the approved budget under the Emergency Medical Services Levy. Additionally, the BOCC appoints a member to the Joint Powers Board, which is the KCEMSS governing body.

Complete financial statements of the North Idaho Fair and Rodeo and KCEMSS are available directly from the administrative offices at the following addresses, respectively:

North Idaho Fair and Rodeo
N. 4060 Government Way
Coeur d'Alene, ID 83814

KCEMSS
P.O. Box 2823
Post Falls, ID 83877

The North Idaho Fair and Rodeo Fiscal Year runs from January 1 through December 31, and reported a change of net position decrease of \$69,087 for the Fiscal Year ending December 31, 2012. As of September 30, 2013, KCEMSS reports a change in net position decrease of \$172,121 for their current Fiscal Year.

Basis of Presentation

The basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide the financial position and results of operations for Kootenai County.

B. Government-wide and Fund Financial Statements

Government-wide Statements

The County uses government-wide financial statements to report its financial position and the results of operations. The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its discretely presented component units. Primary government activities are distinguished between governmental and business-type activities. Government activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal service funds are not eliminated in the process of consolidation of the government-wide financial statements and are combined with the governmental activities of the primary government.

Statement of Net Position

The Statement of Net Position presents the County's non-fiduciary assets, liabilities and deferred inflows, with the difference reported as net position. Net Position is displayed in the following three (3) categories: *Invested in Capital Assets*, *Net of Related Debt*; *Restricted Net Position*; or *Unrestricted Net Position*.

Net Investment in Capital Assets consists of capital assets net of accumulated depreciation and reduced by outstanding related debt.

Restricted Net Position results when constraints placed on net position use are imposed by third parties, through constitutional provisions, or enabling legislation. Expense allocation decisions are made on a program-by-program basis when both restricted and unrestricted net position are available. Restricted net position balance will fluctuate as related accounting transactions occur.

Unrestricted Net Position consists of net position that does not meet the definition of the two (2) preceding categories. Unrestricted net position may have constraints or designations placed upon them by management, but they can be unilaterally removed.

Statement of Activities

The Statement of Activities demonstrates the degree to which the direct expenses of governmental functions, business-type activities, and component units are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function, business-type activity, or component unit. Direct expenses of internal services are reported in the functional expense categories on the Statement of Activity. Indirect expense of internal services is allocated proportionately to functional categories based on direct internal service expense. Other interfund services provided and used by the government are not eliminated in consolidation of the government-wide financial statements.

Revenues are broken out by program and general designations. Program revenues display the extent to which programs are self-funded. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

Fund Statement

The financial activities of the County are recorded in individual funds. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Separate financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on *major funds*. Major governmental and business-type funds are reported as separate columns in the fund statement. The remaining governmental and business-type funds are considered to be *nonmajor funds* and are consolidated in a nonmajor funds column (on the combined fund statements). The nonmajor funds are displayed individually in combining financial statements and schedules located in the Supplementary Information section.

The County reports the following major governmental fund:

The General Fund is the County's primary operating fund. It accounts for services that include general government, public safety and correction, and liability insurance. The General Fund includes all financial resources of the general government except those required to be accounted for in another fund.

The County reports the following major proprietary fund:

The Solid Waste fund accounts for the operation and maintenance of the County's Solid Waste disposal and landfill.

Additionally, the County reports the following fund types:

Governmental Fund Types:

Governmental funds account for the County's general activities, including current expendable financial resources (except for those accounted for in proprietary funds), and are those through which most governmental functions of the County are financed. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the County's governmental fund types:

1. General Fund - The general fund is the government's primary operating fund. It accounts for all financial resources except those meeting the requirements for accounting in another fund.
2. Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.
3. Capital Project Funds - Capital project funds account for financial resources used for the acquisition or construction of major capital assets (other than those financed by proprietary funds).

Proprietary Fund Types:

Proprietary funds account for ongoing organizations and activities of a government, which are similar to those found in the private sector. The measurement focus is upon the determination of net income. Kootenai County has two (2) proprietary fund types, an enterprise fund used to account for Solid Waste disposal activities and an internal service fund to account for self-insured health services.

1. Enterprise Funds - Enterprise funds account for operations that meet one of two (2) criteria. (1) The activity runs in a manner similar to private business enterprises. Moreover, the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges. (2) Where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
2. Internal Service Funds - Internal service funds account for activities provided to other funds, departments or agencies of the primary government on a cost reimbursement basis. Kootenai County utilizes an internal service fund, Health Insurance fund, to account for self-insured health services. This fund establishes a reimbursement rate for health coverage which is expensed to employees and County departments through the payroll system as a premium for service. The health insurance fund in turn receives the internal service premium and pays for all of the administrative costs and claims expenditures in a manner similar to a regular premium based insurance company. Reimbursement rates and claims activities are reviewed and re-established each year pursuant to the recommendations provided by our independent insurance broker/plan consultant.

Fiduciary Fund Types:

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The reporting focus is on net position and changes in net position reported by Fund type. Use of fiduciary funds provides the capability to improve accountability and control over these assets.

1. Private Purpose Trust - Trust funds account for those assets held by the County in a trustee capacity. Trust Funds report transactions using the flow of economic resources measurement focus and accrual basis of accounting. Kootenai County utilizes private purpose trust funds for cash bonds, restitution trust, and escheated property.
2. Agency Funds - Agency funds are used to account for assets held solely in a custodial capacity and as a result assets equal liabilities. Agency funds use the accrual basis of accounting; however, do not have a measurement focus. Kootenai County uses agency funds to account for taxes collected by the County on behalf of other governments and maintains approximately sixty five (65) agency funds for taxing districts within the County, including cities, highway districts, school districts, water and sewer districts, and urban renewal districts.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Revenues accrued at the end of the year include intergovernmental revenues (including state and federal grants) and charges for current services. Other revenues including licenses, permits, fines, forfeitures, and miscellaneous are not measurable until received; therefore, recognition occurs upon collection. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, claims and judgments, are recorded when payment is due. Principal and interest on general long-term debt are recognized as fund liabilities when due, or when amounts have been accumulated (if appropriate) in a debt service fund for payments to be made in the following year.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. As both revenue recognition criteria are realized in the subsequent period, this triggers the revenue entry and reduces the unearned revenue liability.

The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the Statement of Net Position. Net position is segregated into Net Investment in Capital Assets and Restricted and/or Unrestricted Assets. County policy dictates the use of restricted resources first when both restricted and unrestricted resources are available. Proprietary fund Statements of Revenues, Expenses, and Changes in Fund Net Position present the increases (revenues) and decreases (expenses) in net position.

The proprietary fund is accounted for using the accrual basis of accounting. Revenue recognition occurs in the accounting period in which they are both earned and become measurable. Expenditure recognition is in the period incurred, if measurable. Also, the proprietary fund distinguishes operating revenues and expenses as the revenues and expenses generally resulting from provision of services in connection with the operation of waste disposal. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Property Taxes:

The County levies property taxes on or before the third Monday in September and billings are sent to the taxpayers in November. The taxes are due in two (2) installments. One-half of the real property taxes and all of the personal property taxes are due by December 20. The remainder is due by the following June 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment role as delinquent on the first day of January of the succeeding year. In accordance with applicable GAAP

standards, we record the property taxes collected within the sixty (60) days following the fiscal year end, as revenue for the period ending September 30. Unearned revenues include the balance of delinquent taxes, which are those not collected within the sixty (60) day period.

New Governmental Reporting Standards:

In 2013, the County implemented the following GASB Statements:

1. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This standard codifies the accounting guidance prior to GASB standards into one (1) statement. The implementation of this statement did not have a significant impact on the County's financial statements.
2. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement requires that both deferred outflows and deferred inflows of resources be reported in the statements of net position as a separate section following the assets and liabilities, respectively, and reports the residual amount as net position rather than net assets.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

D-1. Deposits and investments:

The County's cash in bank, cash equivalents, and investments include balances in bank accounts, petty cash, demand deposits, and short-term investments with original maturities of three (3) months or less from date of acquisition. Cash in bank, cash equivalents are generally considered short-term, highly liquid investments for both the County, as well as for its Component Units (North Idaho Fair and Rodeo and Kootenai County Emergency Medical Services System), and are reported at fair value as of the end of the financial reporting period.

The County's investments are guided by Idaho State statute, Section 67, Chapter 12, which authorizes investments in US Treasury obligations, commercial paper, certificates of deposit, money market funds, and the State Treasurer's Local Government Investment Pool (LGIP). The Idaho State Treasurer, authorized by Sections 67-2327 and 67-2328, sponsors external investment pools for which Kootenai County voluntarily participates. The County invests idle monies in two (2) types of LGIP funds: 1) short-term LGIP which consists of highly liquid, short-term investments with the availability to withdraw funds up to \$10 million overnight, and 2) Diversified Bond Fund (DBF) which invests idle monies of Idaho Governments over a longer time horizon in exchange for potentially greater returns over the long run (3.5 years or longer).

The County is limited by State Code for investing idle funds into the following investment types:

1. U.S. government securities, which pledge the full faith and credit of the U.S. government.
2. Obligations issued under the Farm Credit Act of 1971, the Federal Home Loan Bank Board, the Federal National Mortgage Association, and the Federal Home Loan Bank.
3. Time deposit and savings accounts within state depositories; state and federal loan associations, or state and federal credit unions within the boundaries of the County.
4. Money market funds with portfolios consisting of investments specified and secured by the above and denominated in U.S. currency.
5. General obligation bonds or revenue bonds of the State or any Idaho county, city, or taxing district. Tax and revenue anticipation instruments of state and local governmental agencies.

The County's cash in bank, cash equivalents, and investment balances of substantially all funds, including a portion of the Proprietary Fund, are invested by the County's Treasurer and are accounted for in a separate Pooled Cash and Investment fund. The portion of the Pooled Cash and Investments Fund belonging to each County fund is reported as Claims on Treasury Cash within the individual fund. The County's policy has been to hold investments until maturity to reduce market fluctuation risk.

For the purposes of the statement of cash flows, the County considers all highly liquid investments purchased with a maturity of three (3) months or less to be cash equivalents. Cash and investment balances for the Proprietary Fund represent their allocated share of pooled cash and investments of the County and can be drawn down on demand.

D-2. Receivables and payables:

Due from/to other funds consist of receivables and payables for activities between funds of the County. **See footnote 15** for interfund activity schedule.

Receivables in the General Fund consist primarily of fees for services and property tax. Business-type activity receivables are reported net of an allowance for doubtful accounts. Business-type receivables occur as part of the ordinary course of business.

Property tax revenues are recognized when received in the period for which the taxes are levied. Property taxes are accrued as assets receivable and deferred revenue on the Balance Sheet when the County has an enforceable legal claim to the taxes which occurs in September prior to year end when the Board of County Commissioners adopts the subsequent Fiscal Year budget. The County's assessment date is January 1, and property taxes, levied by the second Monday of September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

D-3. Prepayments:

Prepaid expenses represent amounts paid in the current period for services that will benefit future periods. Prepaid expenses are accounted for using the consumption method.

D-4. Capital assets:

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, construction in progress, and other assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's utility or materially extend an asset's useful life are not capitalized.

Capital assets are recorded at historical cost or estimated historical cost, if actual cost is not available. The capital asset values were originally determined as of September 30, 1989, by assigning original acquisition costs when such information was available. In cases where information supporting original cost was not available, historical costs were estimated by indexing current costs back to the approximate date of acquisition or construction.

Donated capital assets are recorded at the estimated fair value for the date of donation and revenue is recognized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business-type activities is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Public domain infrastructures consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are provided through the operations of other governmental entities, which retain responsibility for their maintenance and therefore, are not included in the County financial statements.

All capital assets, with the exception of land, right of ways, construction in progress, and arts and historical treasures (other assets), are depreciated. Depreciation is calculated using the straight-line method over the useful lives of the assets. These assets are depreciated on the following basis:

Description	Estimated Life
Buildings and Structures	15-30 years
Machinery and Equipment	5-7 years
Vehicles	5 years

D-5. Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s), and will not be recognized as an outflow of resources (expense/ expenditure) until then. The government currently has no items that qualify for this reporting category which would be reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one (1) type of item that qualifies for this reporting category which arises both under modified and full-accrual basis of accounting. Accordingly, the item, *unavailable revenue-property tax*, is reported in the governmental funds balance sheet. The item, *unearned property tax*, is reported in the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

D-6. Compensated absences:

The County's compensated absences policy permits employees to accumulate earned, but unused, vacation and sick leave benefits. Employees earn vacation based on hours worked and years of service and may carry over a maximum of 240 hours into the next calendar year. Any unused vacation exceeding 240 hours is forfeited. Upon termination of employment, an employee is paid for unused vacation.

Upon termination or retirement, a portion of accrued sick leave can be paid into a tax free medical savings account (MSA) for public service employees. The amount available to be transferred is based on the employee's hourly compensation rate multiplied by the vested percentage (shown below) of unused accumulated sick leave. An employee may apply up to 60% of a maximum of 800 accrued sick leave hours towards post employment medical benefits.

Years of Service	% Sick Leave Applied to MSA
0 - 4 yrs	0%
5 - 9 yrs	30%
10 - 15 yrs	40%
≥ 16 yrs	60%

A liability is accrued in the government-wide and proprietary fund financial statements for all vacation pay and accrued sick leave when incurred. The liability is based on the pay rate in effect at the balance sheet date.

D-7. Long-term obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Loss on refunding is presented as deferred inflows and deferred outflows of resources on the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Long-term liabilities to be repaid or financed by proprietary fund operations are accounted for in the proprietary fund. **(See footnote 7)**

D-8. Capitalization of interest:

County policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. Capitalized interest is amortized over the estimated useful life of the asset on the same basis as the asset.

D-9. Net position flow assumption:

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

D-10. Fund balance flow assumption:

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in

which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

D-11. Fund balance policy

Fund balance of governmental funds is reported in various categories based on the nature of any limitations on the use of resources for specific purposes. The County has adopted a fund balance policy establishing limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Nonspendable and restricted fund balance are net resources that are classified based on the inherent nature of the balance or constraints from external parties outside the County.

Nonspendable fund balances are amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements that must be maintained intact.

Restricted fund balances are constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

Committed fund balances are net resources that can be used only for the specific purpose determined by a formal action of the County's highest level of decision-making authority, the BOCC. The Commissioners commit fund balance by adopting a resolution prior to the end of the Fiscal Year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balances include amounts intended to be used by the County for specific purposes, as determined by the Commissioners or an appointed designee in accordance with BOCC guidelines. All general fund balance assignments have been designated by the BOCC to the Finance Director for the financial statement reporting period. Centennial Trail fund balance assignments have been designated to the Joint Power's Board. Constraints imposed on the use of assigned amounts do not rise to the level to be classified as either restricted or committed.

D-12. Interfund transactions:

During the course of normal operations, the County has both reciprocal and nonreciprocal interfund transactions between funds. The most significant types are interfund loans, interfund transfers, and interfund reimbursements.

Reciprocal interfund activity

1. Interfund loans - Interfund loans are reported as interfund receivable in lender fund and interfund payables in borrower funds.

Nonreciprocal interfund activity

1. Interfund Transfers – Interfund transfers are the movement of resources from one fund to another fund, where the resources will be expended.
2. Interfund Reimbursements – Interfund reimbursements from one fund to another are expensed in the reimbursing fund; and reduce the expenditures/expenses of the fund being reimbursed.

As a general rule, the effect of interfund activity provided and used is not eliminated in the process of consolidation. Any intergovernmental revenues in excess of expenses have been eliminated from the government-wide financial statements.

D-13. Comparative data/reclassifications:

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

Comparative total data for the prior year have been presented for Kootenai County's Enterprise Fund - Solid Waste, and the Internal Service Fund - Health Insurance, in the fund financial statements to provide an understanding of the changes in the financial position and operation of these funds. Comparative data for the prior year for the Private Purpose Trust Fund is presented in the supplementary section. Also, amounts in the prior year data have been reclassified for the Enterprise Fund, Internal Service Fund, and Governmental Funds, to be consistent with the current year's presentation.

D-14. Budget appropriations and year-end cutoff:

All budget appropriations, other than appropriations for incomplete capital projects, lapse at the end of the Fiscal Year. Appropriation accounts remain open until the first Monday in November for claims incurred before the close of the Fiscal Year. Payment of any lawful claim presented after that day comes out of the next budget.

All balances in any appropriation for incomplete capital projects carry forward and integrate into the budget for the ensuing year. See the schedule on page 70 for the details of capital improvement carry forwards.

D-15. Accounting estimates:

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statements include reconciliations between the fund statements and the government-wide statements. Differences that make reconciliations necessary include the two (2) differing measurement focuses and basis of accounting between the statements.

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance includes reconciliations between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$4,411,135 difference are as follows:

Compensated absences

Current portion	\$ 138,648
Due in more than one year	<u>4,272,487</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 4,411,135</u>

Another element of that reconciliation explains the "Internal service funds are used by management to charge the cost of certain activities, such as health insurance costs to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The details of the \$2,055,021 difference are as follows.

Beginning net position of the internal service fund	\$ 1,473,720
Change in fund net position	<u>581,301</u>
Net adjustment to increase governmental net position	<u>\$ 2,055,021</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and changes in *net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation is delinquent property tax collected more than sixty (60)

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days after year end. These collections are considered "unavailable" and deferred for fund balance reporting, but can be fully recognized as property tax revenue in the *statement of activities*. The net adjustment for unavailable delinquent property tax is as follows:

Delinquent Property Tax-unavailable	\$ 750,099
Less: Prior year delinquent property tax-unavailable	<u>(1,103,795)</u>
Net adjustment to decrease fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (353,696)</u>

Another reconciling item between statements include purchase of capital assets. Capital outlay for governmental funds is expensed in the year of purchase. In the statement of activities, capital asset costs are allocated over their estimated useful lives as depreciation expense. The net adjustment for capital outlay differences are as follows:

Capital outlay	\$ 6,112,843
Depreciation expense	<u>(6,705,089)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (592,246)</u>

Disposed capital asset values exceeded sale proceeds in the amount of \$236,584.

Donated capital assets were recorded as revenue in the statement of activity in the amount of \$359,684.

Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds". The details of this (\$130,950) difference are as follows:

Change in compensated absences	<u>\$ (130,950)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (130,950)</u>

Another element of the reconciliation states the "internal service funds are used by management to charge the cost of certain activities, such as health insurance, to individual funds." The details of this \$581,301 difference are as follows:

Revenues:	
Charges for Services	\$ 6,263,069
Miscellaneous	128,579
Intergovernmental Revenue	<u>73,179</u>
Total Revenues	6,464,827
Less expenditures:	<u>(5,883,526)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 581,301</u>

NOTE 3: DEPOSITS AND INVESTMENTS

As of September 30, 2013, Kootenai County had the following investments:

Investment Type (amounts are in thousands)	9/30/2013 (Fair Value)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 19,616	1.81
State of Idaho Local Government Investment Pool		
Short-term LGIP Investments	23,870	0.39
DBF LGIP Investments	20,025	4.00
Certificates of Deposits	1,850	0.76
Money Market Investments	20	0.00
Total fair value of investments:	\$ 65,381	
Portfolio weighted average maturity		1.93

The (State of Idaho) Local Government Investment Pool (LGIP) is managed and sponsored by the State of Idaho Treasurer's Office (STO). This Joint Powers Investment Pool is established as a cooperative endeavor to offer local government entities of the State of Idaho to aggregate funds for investment purposes. The pooling is intended to improve efficiency and increase higher investment yields on idle monies. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping financial institution. The STO must operate and invest the funds of the pool for the benefit of its participants. The LGIP is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is rated by Standard and Poor's which assigned the portfolio as having 'extremely strong protection against losses from credit defaults', and possesses extremely low sensitivity to changing market conditions. Oversight of the LGIP is provided by the STO, and Idaho Code defines allowable investments. An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The County's fair value of its position in the pool is the same as the per share value of total Investment Pool. The State of Idaho's reported weighted average maturity of investments for short-term LGIP funds is 143 days, and DBF-LGIP funds is 4.0 years, at September 30, 2013.

Interest rate risk. This is the risk that a change in interest rates could adversely affect the underlying value and return of the principal invested. The County is exposed to interest risk on the idle monies in DBF-LGIP Investments totaling \$20,025,012. The County does not have a specific investment policy managing its exposure to interest rate risk.

Credit risk. Kootenai County's policy limits its investments in U.S. Treasury Securities and other Governmental Security Agencies to the top credit ratings, of A or better, issued by nationally recognized statistical rating organizations (NRSROs) or equivalent. The State of Idaho's Local Government Investment Pool is rated 'AAAF.' by Standard and Poor's Rating Services which signifies that the portfolio holdings provide extremely strong protection against losses from credit default.

Concentration of credit risk. Kootenai County has no official investment policy for reducing concentration risk of any one issuer. The Board of Kootenai County Commissioners authorizes the County Treasurer to utilize all investment options available under Idaho Law. As of September 30, 2013, the following issuer had more than 5% in concentration of Kootenai County's total investment portfolio:

Investment Institution	Portfolio %
State of Idaho Local Government Investment Pool	67.1%
Federal Home Loan Bank	14.2%
Federal National Mortgage Association	10.5%

Custodial credit risk - deposits. This is the risk that in event of a financial institution failure, the County's deposits may not be returned. Kootenai County manages custodial credit risk by investing only in qualified institutions that are sufficiently capitalized as determined by the State Treasurer's Office according to State of Idaho Statute 67-2739. Additionally, the County requires certain institutions to hold collateral investments in the County's name for deposits held above FDIC limits. As of September 30, 2013, \$3,169 of Kootenai County's bank and Investment balance of \$72,516,466, was exposed to custodial credit risk because it was uninsured and not collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. As of the same date the Kootenai

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County Emergency Medical Services System (KCEMSS), a discretely presented component unit had no exposure to custodial credit risk because all of KCEMSS' bank balance of \$2,677,655 was insured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the KCEMSS's name. The North Idaho Fair and Rodeo, another discretely presented component unit had no exposure to custodial credit risk because none of the North Idaho Fair and Rodeo's bank balance of \$252,729 was uninsured or uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the North Idaho Fair and Rodeo's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, Kootenai County will not be able to recover the value of its investments or collateral securities which are in the possession of an outside party. Of the investment in U.S. Treasuries of \$19,616,238, Kootenai County has no custodial credit risk exposure where the related securities are uninsured, unregistered and held by Kootenai County's brokerage firm which is also the counterparty for these particular securities. Kootenai County does not have an investment policy limiting the amount of securities that can be held by counterparties.

NOTE 4: RECEIVABLES

Receivables as of yearend for the County's major, non-major funds, and proprietary funds (Solid Waste and internal service fund activities in the aggregate) including applicable allowances for doubtful accounts, are as follows:

	General	Non-major Governmental Funds	Proprietary Funds	Total
Accounts Receivable:				
Interest	\$ 3,329	\$ 3	\$ 1,188	\$ 4,520
General accounts	1,729,122	222,178	790,754	2,742,054
Taxes	41,016,173	227,877	-	41,244,050
Grants	171,515	614,592	-	786,107
Gross Accounts Receivable	42,920,139	1,064,650	791,942	44,776,731
Less: allowance for doubtful accounts	-	(21,000)	(35,000)	(56,000)
Net total Accounts Receivable	\$ 42,920,139	\$ 1,043,650	\$ 756,942	\$ 44,720,731

Kootenai County's governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, and those governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of September 30, 2013, the various components of unavailable and unearned revenue reported in Kootenai County's governmental funds were as reported:

	Unavailable	Unearned
Subsequent property taxes receivable - unearned in FY 2013	\$ -	\$ 40,239,694
Delinquent property taxes receivable (general fund)	578,299	-
Delinquent property taxes receivable (other governmental funds)	171,800	-
Intergovernmental services not yet performed (general fund)	-	381,624
Special Revenue program services not yet performed (other governmental funds)	-	169,265
Grant draw downs prior to meeting all eligibility requirements	-	185,848
Total deferred and unearned revenue for governmental funds	\$ 750,099	\$ 40,976,431

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 (in thousands) is as follows:

GOVERNMENTAL ACTIVITIES	Balance 9/30/12	Additions	Deletions	Transfers	Balance 9/30/13
Capital assets, not being depreciated:					
Other assets	\$ 310	\$ 207	\$ -	\$ 77	\$ 594
Land	5,417	-	-	-	5,417
Construction in progress	6,447	2,692	-	(3,785)	5,354
Total capital assets, not being depreciated	12,174	2,899	-	(3,708)	11,365
Capital assets, being depreciated:					
Buildings	39,776	87	-	364	40,227
Improvements other than buildings	33,842	171	-	3,118	37,131
Machinery and equipment	26,928	3,315	(1,259)	226	29,210
Total capital assets, being depreciated	100,546	3,573	(1,259)	3,708	106,568
Less accumulated depreciation for:					
Buildings	(19,614)	(1,250)	-	-	(20,864)
Improvements other than buildings	(18,332)	(3,287)	-	-	(21,619)
Machinery and equipment	(20,351)	(2,168)	1,023	-	(21,496)
Total accumulated depreciation	(58,297)	(6,705)	1,023	-	(63,979)
Total capital assets, being depreciated, net:	42,249	(3,132)	(236)	3,708	42,589
Government activities capital assets, net:	\$ 54,423	\$ (233)	\$ (236)	\$ -	\$ 53,954
BUSINESS-TYPE ACTIVITIES	Balance 9/30/12	Additions	Deletions	Transfers	Balance 9/30/13
Capital assets, not being depreciated:					
Land	\$ 1,659	\$ 88	\$ -	\$ -	\$ 1,747
Construction in progress	527	3,441	-	(276)	3,692
Total capital assets, not being depreciated	2,186	3,529	-	(276)	5,439
Capital assets, being depreciated:					
Buildings	657	11	-	-	668
Improvements other than buildings	1,684	105	-	276	2,065
Machinery and equipment	10,871	1,599	(935)	-	11,535
Transfer stations	19,788	46	-	-	19,834
Landfill	18,379	-	-	-	18,379
Total capital assets, being depreciated	51,379	1,761	(935)	276	52,481
Less accumulated depreciation for:					
Buildings	(405)	(42)	-	-	(447)
Improvements other than buildings	(825)	(195)	-	-	(1,020)
Machinery and equipment	(7,878)	(995)	868	-	(8,005)
Transfer stations	(5,902)	(667)	-	-	(6,569)
Landfill	(12,759)	(310)	-	-	(13,069)
Total accumulated depreciation	(27,769)	(2,209)	868	-	(29,110)
Total capital assets, being depreciated, net:	23,610	(448)	(67)	276	23,371
Business-type activities capital assets, net:	\$ 25,796	\$ 3,081	\$ (67)	\$ -	\$ 28,810

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Depreciation expense was charged to current functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 1,288,180
Public Works	2,020,887
Public Safety	2,973,803
Sanitation Weeds	4,304
Culture and Recreation	417,915
Total governmental activities current year depreciation expense	\$ 6,705,089
Business-type activity:	
Solid Waste	\$ 2,209,304
Total business-type activities current year depreciation expense	\$ 2,209,304

The tables above summarize general government and solid waste capital assets and related accumulated depreciation as of September 30, 2013.

Additions to Construction in Progress totaled \$2,692,651, during Fiscal Year 2013, for governmental activities. The following are major projects included in that total.

- Construction activity for Airport Improvement Projects (AIP) total \$1,532,475.
 - Costs associated with AIP 37 Airport Improvement Projects for Runways 1-19 and taxiway D Phase II of \$1,159,652 include overlay of Runway 1-19 and rehabilitation of Taxiway D.
 - Current year costs for Airfield Pavement under AIP 38 are \$310,506.
 - Current year costs associated with the AIP 32 Electronic Airport Layout Plan Project (a.k.a. AGIS) are \$41,457.
 - AIP 29 Airport Master Plan final costs are \$15,070.
 - Additional costs of the new ARFF (Aircraft Rescue and Fire Fighting) building being constructed under the AIP 34 grant for the third year are \$5,790.
- Final costs for upgrading the RV dumpsite located on Kootenai County's Public Safety Campus are \$385,039; also, there were additional Public Safety improvement cost of \$53,492.
- Waterways' project costs for Fiscal Year 2013 total \$467,402; this includes projects at Upper Twin Lake, and Sun Up Bay on Lake Coeur d'Alene, as well as a grant-funded Launch at Harrison..
- Additional costs of several ongoing projects include:
 1. Repaving project at the Sheriff's departments of \$162,614.
 2. Building and Grounds building improvement cost of \$71,193.
 3. Work relating to the Wireless/Paperless Project of \$12,497.
 4. Fiber-optic Backbone Project with costs of \$6,489.
 5. Facilities Master Plan for \$1,450.

Buildings additions of \$86,754 for Fiscal Year 2013 include:

- Current year costs for a chemical storage facility at the Noxious Weed Control department are \$47,952.
- Costs relating to the purchase of a Vault Toilet for Sun Up Bay Launch of \$23,865.
- Storage Shed cost for the Snow-groomers is \$14,937.

Additions to Improvements Other Than Buildings for governmental activities, during Fiscal Year 2013, total \$170,537. They consist of:

- Vault Toilet Pumpouts for six (6) Waterway locations and a Vault Toilet at Mica Bay costing \$73,123.
- Additional costs for the Jail Fire Suppression System of \$42,498.
- Improvements to County Facilities: Administration for \$47,735 and Coroner for \$7,181.

Additions for Machinery and Equipment of \$3,315,338 for governmental activities include ten (10) sheriff patrol vehicles outfitted with mobile data units and safety equipment, ten (10) county vehicles, a new snow-groomer, MCC7500 Rack equipment and control stations integral parts of the Viper phone system for enhanced capabilities at the 9-1-1 Communication Center, and software for case management. Disposals for Machinery and Equipment with historical costs of \$1,259,650, and related depreciation of \$1,023,065 includes eighteen (18) vehicles and vehicle accessories, outdated 9-1-1 communications equipment, defunct pump-out systems and obsolete office and computer equipment.

The Solid Waste Enterprise Fund capital expenditures during Fiscal Year 2013 totaled \$5,290,028. This includes:

- Construction in Progress increase total, \$3,440,805, is attributed to the costs of \$3,221,968 for the East Cell Landfill Expansion Project and \$218,837 for continued Leachate Treatment improvements at Fighting Creek Landfill.
- An increase in Solid Waste Lands of \$88,582 completes the purchase of land for a new Rural Site at Chilco.
- Additions to Buildings for Fiscal Year 2013 are \$10,961 for improvements made to the Maintenance Building at Ramsey Transfer Station.
- Improvements Other than Buildings' increase total \$105,060 is attributed to cost of \$76,244 for continued improvement at the Fighting Creek Landfill and \$28,816 for improvement of the Telephone System at Ramsey Transfer Station.
- Machinery and Equipment purchases of \$1,598,777 include heavy equipment purchases for Fighting Creek Landfill of a Compactor costing \$722,330 and Excavator for \$343,750; the additional cost of \$532,697 included two (2) transfer trailers, a caterpillar tractor, forklift, and additional sanitation equipment.
- Transfer Stations facilities' current year improvement cost is \$45,843: \$30,621 for Ramsey Transfer Station and \$15,222 for Prairie Transfer Station.
- Machinery and Equipment disposals totaling \$934,502 include Landfill Hydraulic Excavator and Compactor, 2 transfer trailers, semi-tractor, and other obsolete equipment and computers.

Discretely presented component units:

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2013, was as follows:

	Balance 9/30/12	Additions	Deletions	Balance 9/30/13
KCEMSS Component Unit Activity				
Capital assets, not being depreciated:				
Land	\$ 403,990	\$ -	\$ -	\$ 403,990
Construction in process	-	95,425	-	95,425
Total capital assets, not being depreciated	403,990	95,425	-	499,415
Capital assets, being depreciated:				
Building	492,450	15,494	-	507,944
Machinery and equipment	665,761	96,003	(36,759)	725,005
Vehicles	1,857,355	271,752	(134,608)	1,994,499
Total capital assets, being depreciated	3,015,566	383,249	(171,367)	3,227,448
Less accumulated depreciation for:				
Building	(56,043)	(19,584)	-	(75,627)
Machinery and equipment	(412,381)	(80,997)	34,309	(459,069)
Vehicles	(1,205,635)	(228,535)	134,608	(1,299,562)
Total accumulated depreciation	(1,674,059)	(329,116)	168,917	(1,834,258)
Total capital assets, being depreciated, net	1,341,507	54,133	(2,450)	1,393,190
KCEMSS activity capital assets, net	\$ 1,745,497	\$ 149,558	\$ (2,450)	\$ 1,892,605

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Activity for the North Idaho Fair and Rodeo for the year ended December 31, 2012 was as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
North Idaho Fair Component Unit Activity				
Capital assets, being depreciated:				
Machinery and equipment	\$ 327,827	\$ 19,789	\$ (4,961)	\$ 342,655
Buildings	2,751,752	28,430	-	2,780,182
Total capital assets, being depreciated	3,079,579	48,219	(4,961)	3,122,837
Less accumulated depreciation for:				
Machinery and equipment	(276,370)	(19,501)	4,271	(291,600)
Buildings	(1,121,733)	(71,206)	-	(1,192,939)
Total accumulated depreciation	(1,398,103)	(90,707)	4,271	(1,484,539)
Total capital assets, being depreciated, net	1,681,476	(42,488)	(690)	1,638,298
North Idaho Fair activity capital assets, net	\$ 1,681,476	\$ (42,488)	\$ (690)	\$ 1,638,298

NOTE 6: LEASES

6-A. Operating Leases:

Kootenai County pays ongoing obligations for building and equipment agreements through operating leases. Operating leases do not give rise to property ownership or lease debt obligations, and therefore are not reflected in the General Long-term Obligations of governmental activities.

The following is a schedule of future minimum rental obligations under operating lease agreements that have initial or remaining non-cancelable lease terms in excess of one (1) year as of September 30, 2013.

Fiscal Year Ending September 30,	Governmental Activities
2014	\$ 179,041
2015	2,483
Total Minimum Payments Required	\$ 181,524

The total expenditure for operating leases during the Fiscal Year ending September 30, 2013, approximated \$174,000. Future minimum lease obligations include:

- Printing services commercial copier equipment through June 30, 2014, approximately \$63,500.
- 9-1-1 emergency service repeater tower and equipment through September 30, 2014, approximately \$59,200.
- County department building rent through September 30, 2014, approximately \$43,300.
- Waterway boat slip leases through September 30, 2014, approximately \$9,100.

NOTE 7: GENERAL LONG-TERM OBLIGATIONS

Changes in Long-term Obligations:

During the year ending September 30, 2013, the following changes occurred with liabilities reported in the general long-term obligations:

	Balance 9/30/2012	Additions	Reductions	Balance 9/30/2013	Amounts Due within one (1) Year
GOVERNMENTAL ACTIVITIES					
<i>Other Liabilities:</i>					
Compensated absences	\$ 4,280,186	\$ 318,038	\$ 187,089	\$ 4,411,135	\$ 138,648
Governmental activities long-term liabilities	\$ 4,280,186	\$ 318,038	\$ 187,089	\$ 4,411,135	\$ 138,648
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 207,900	\$ 17,192	\$ 1,084	\$ 224,007	\$ 7,040
Landfill closure liability	7,019,000	-	-	7,019,000	-
Business-type activities long-term liabilities	\$ 7,226,900	\$ 17,192	\$ 1,084	\$ 7,243,007	\$ 7,040

At September 30, 2013, County-wide compensated absences payable total \$4,635,143. Of this liability, \$4,411,135 is governmental activity obligation, and \$224,008 is business activity obligation. For the governmental activities, the compensated absence liability is generally liquidated by the general fund. Compensated absence payments to employees upon separation were \$187,089 for Governmental Fund employees, and \$1,084 for Business-type fund employees. Landfill closure liability remained the same as prior year due to expanded landfill capacity extending the estimated closure date from the year 2016 to 2033.

NOTE 8: NOTES PAYABLE: COMPONENT UNITS

The financial information in this report, for the Fiscal Year ending September 30, 2013, includes discretely presented financial information from two (2) component units: North Idaho Fair and Rodeo, and Kootenai County Emergency Medical Services System (KCEMSS). There are no outstanding notes payable for the year ending December 31, 2012, for North Idaho Fair and Rodeo. KCEMSS has no outstanding notes payable for the year ending September 30, 2013.

NOTE 9: LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Federal and State regulations guiding landfill closure requires the County to implement a final closure plan at Fighting Creek that includes proper ventilation, landfill monitoring systems, and permanent cover and landscaping. After closure, the County is further required to perform ongoing maintenance and monitoring at the landfill site for thirty years. The County accounts for the future closure and post closure obligation by maintaining a closure liability based on the relative amount of waste received during the period. Restricted cash and investment assets equal to the liability are reserved to meet this future obligation. The amount recognized each year is based on the landfill capacity used as of the balance sheet date relative to the final capacity of the landfill. As of September 30, 2006, Phase I of the landfill closure was complete. Based upon actual utilization and closure costs incurred, and revised engineering estimates for the Fighting Creek Landfill through 2012-2013, No closure-post closure expenses were recognized for the period ending September 30, 2013.

A total of \$7,019,000 has been recognized for closure and post-closure liability as of the balance sheet date. The current liability balance is based on 47.6% utilization of the total landfill estimated capacity of 4,967,000 tons and net estimated closure and post-closure costs of \$12,953,300. This amount totals \$13,100,400, less a reduction for actual closure expenses incurred of \$147,100. The remainder of the estimated closure and post-closure costs of \$5,934,300 will be recognized, on a pro-rata basis, as the remaining usable landfill space in the current cell is filled. The original cell at Fighting Creek Landfill is expected to reach interim close level

sometime in 2033. However, the final closure of the original cell will be performed when the adjacent cells in development reach capacity projected to occur after 2045.

Funds totaling \$7,019,000 have been reserved in the Solid Waste Enterprise Fund to meet the funding requirements for closure and post-closure costs. These restricted assets are invested in the Idaho State Investment Pool and other similar investment vehicles as a way to have funds available to pay future closure costs.

The potential changes to the landfill closure and post-closure costs may exist due to inflation, deflation, technology, and any revisions to the applicable laws or regulations. Anticipated future inflation costs and any additional costs arising from changes in post-closure requirements may need to be covered by charges to future landfill users, taxpayers, or both. Additionally, the current Fighting Creek landfill site is being expanded into additional cells which will extend the overall life of the landfill site an estimated 25 to 30 years. This will have an impact on the timing and engineering estimates of closure and post closure costs.

NOTE 10: RISK MANAGEMENT

Kootenai County may be liable for certain claims or damage of property that may arise in the ordinary course of operations. The County accounts for the majority of transactions involving insurance claims, deductibles, and expenses in the Liability Insurance sub-fund, which is reported as part of the General Fund. This fund has the power to levy an annual property tax to provide funds to pay insurance premiums.

The County Prosecutor, including his 5 approved Civil Deputies, provides legal advice to the County Commissioners and other public officials of the County. The Prosecutor also prosecutes or defends all civil actions in which the County is interested. Additionally, the Prosecutor's duties include drafting and reviewing contracts, as well as monitoring and defending claims arising therefrom.

The Board of County Commissioners serves as risk managers which duties include reviewing contracts, and evaluating the adequacy of insurance coverage. The Risk Management Technician informs and educates employees of responsibilities regarding prevention of loss exposure related to their duties.

Insurance is maintained through the Idaho Counties Risk Management Program (ICRMP). ICRMP is an insurance pool serving public entities in Idaho through provision of property, general liability, auto liability, physical damage, and public officials' insurance. Kootenai County pays an annual premium to ICRMP for insurance coverage. In December 2002, the Board of County Commissioners signed a retro-premium agreement converting all policy years to a fixed premium amount. This means the County retains no loss liability exposures covered by the ICRMP policy.

The ICRMP 2013-2014 Kootenai County insurance policy provides coverage up to a limit of \$500,000 for any single claim (brought pursuant to Title 6, Chap. 9 Idaho Code). This is the statutory limit of the Idaho tort claims act. For any other type of liability claim, the policy limit is \$3,000,000. The aggregate amount or total combined amount of all liability claims added up in a single policy year is \$5,000,000. ICRMP pays the first \$500,000 of any liability claim out of its own pool of funds. GENESIS reinsurance pays any amounts above \$500,000.

ICRMP provides property insurance coverage structured so that ICRMP retains the first \$100,000 of damage to any Kootenai County property. Axis, rated by AM Best as A XV and one of the largest property reinsurance companies in the world, provides coverage for the rest of the damage. The limits of the property coverage are tied to Kootenai County's statement of values. If the buildings, vehicles, and other property are listed on the County's statement of values, the County has coverage for the replacement cost of the damaged property.

Flood and/or earthquake losses are covered up to \$50,000,000 in the aggregate annually for all ICRMP insureds collectively. Boiler and Machinery losses are covered in the aggregate annually for all ICRMP insureds up to \$100,000,000. Coverage for acts of terrorism is provided in a collective aggregate of \$20,000,000.

On December 31, 2013, the County had 6 outstanding claims, none of which had more than remote possibility of adverse judgment against the County. For all pending claims, the County's legal staff maintains the position that the County bears little or no loss liability, based upon the strength of the claims and prior experience. Settlements paid did not exceed the County's reserves set aside for self-insurance. Accordingly, no liability for losses has been reported on the balance sheet, as was the case in the prior year.

The County has established a self-funded health insurance program. This program is funded by internal rates charged bi-weekly through payroll to the various County departments based on actual participation by employees for their share of the cost. As of

September 30, 2013, 12 past employees have elected to pay the full premium cost to remain on the County's health insurance plan. The County's self-funded plan is administered on a contract basis by a third party administrator. Claims are paid by the administrator and are reimbursed by the County. Reinsurance for both specific and annual aggregate stop-loss coverage is provided. Specific stop-loss covers individual claims in excess of \$75,000. The current attachment point for annual aggregate stop-loss coverage has been set at \$5,902,841. The Health Insurance Fund Balance at September 30, 2013 was \$2,055,021. Estimated Claims outstanding (incurred but not received - "IBNR"), as of Fiscal Year-end was \$435,269 based on health plan consultant's actuarial estimate.

Fiscal Year	Beginning IBNR	Claims Incurred	Payments on Claims	Ending IBNR
2013	\$ 438,714	\$ 4,689,143	\$ 4,692,588	\$ 435,269
2012	\$ 288,466	\$ 4,568,807	\$ 4,418,559	\$ 438,714

NOTE 11: PENSION PLAN

The Public Employee Retirement System of Idaho (the System) administers The Public Employee Retirement Fund Base Plan (PERSI). This system is a cost sharing multiple-employer public retirement system created by the Idaho State Legislature and the retirement board, appointed by the Governor, manages and establishes funding policies for the System. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports are available from PERSI upon request.

After five (5) years of credited service, members become vested in their retirement benefits earned to date. At that time, members receive their full retirement benefit if their years of service plus their age equal 90 (General Plan Members) or 80 (Police Officer/Firefighters Plan). A member does not need to reach the Rule of 80/90 to retire. As long as they have reached minimum retirement age and have at least 60 months of service, they may retire. However a member retiring before reaching the required service retirement age is eligible for a reduced benefit amount dependent upon their relative position to full retirement.

Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. Benefits are calculated based on annual service retirement allowances of 2.00% or 2.30% (depending upon employee classification) multiplied by their average monthly salary for the highest consecutive 42 months.

The current required employer contribution rate for employees is 11.32% and 11.66% for general employees and police members, respectively. The required employee contribution rate is 6.79% for general employees and 8.36% for police members.

Kootenai County had 757 employees actively contributing to PERSI as of September 30, 2013. Total contributions required and paid were \$3,372,059, \$3,234,260, and \$3,165,190, for the three (3) years ending September 30, 2013, 2012, and 2011 respectively.

NOTE 12: CLASSIFICATION OF FUNDS

For financial reporting purposes, several sub-funds have been included as part of the general fund type. The purpose of the inclusion is to better summarize general government activities for financial statement presentation. The sub-funds reported as general fund types are as follows:

Replacement Reserve/Acquisition
Justice

Payroll Liability Fund
Unemployment Insurance

NOTE 13: JOINT GOVERNED ORGANIZATIONS

Kootenai County participates in two (2) jointly governed organizations. Those organizations are the Hayden Area Regional Sewer Board (HARSB), and the Kootenai County Emergency Medical Services System (KCEMSS).

One (1) HARSB member is appointed by the Kootenai County Board of County Commissioners. The County's interest as a voting HARSB member is related to the Coeur d'Alene Airport's significant footprint within the HARSB service area. The County's control over the budget and/or financial operations of HARSB is limited to its representative participation on the Board. HARSB, acting through its appointed management team exercises total authority for the daily operations of the organization whose purpose it is to construct and operate sewer facilities in the Hayden Lake area of Kootenai County. Control exercised by HARSB includes budgeting, contracting, and designation of management.

Kootenai County has no financial interest or responsibility in the HARSB. Kootenai County's role on the Sewer Board qualifies the relationship as one (1) of a jointly governed organization. Additionally, there were no related party transactions during the period ending September 30, 2013.

Kootenai County has no financial interest or responsibility in the HARSB. Kootenai County's role on the Sewer Board qualifies the relationship as one (1) of a jointly governed organization. Additionally, there were no related party transactions during the period ending September 30, 2013.

The County has elected to report KCEMSS as a component unit because the Board of County Commissioners approves the annual KCEMSS operating budget, appoints one (1) board member, and serves as the tax levy authority. *See footnote 1(A) for more information.*

NOTE 14: CONTINGENT LIABILITIES

Kootenai County is a defendant in several lawsuits where the outcomes are not presently determinable. In the opinion of the County attorney, the resolution of these matters will not have a material effect on the financial condition of the County.

NOTE 15: INTERNAL BALANCES AND INTERFUND TRANSFERS

The composition of internal balances as of September 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>(Payable) Funds</u>
<u>Major Funds:</u>	
General Fund	\$ 362,846
<u>Non-Major Special Revenue Funds:</u>	
Public Transportation	(32,327)
Historical Society Fund	(1,245)
District Court	(308,605)
Capital Projects	(20,669)
Total	\$ -

The outstanding balance between funds result from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made and are used for general operations.

Interfund transfers:

	Transfer In		
	General Govt Funds	Other Govt Funds	Total
Transfer out General Governmental Funds	\$ (293,973)	\$ 231,646	\$ (62,327)
Other Government Funds	397,497	(397,497)	-
Enterprise Funds	625,132	44,996	670,128
Total	\$ 728,656	\$ (120,855)	\$ 607,801

Interfund transfers are primarily performed for two (2) reasons: 1) taxes, fees, penalties, and other revenues are transferred from the statutory funds that initially collect them to the General Fund or other funds as dictated by state law; and 2) revenues are transferred from the fund that is statutorily required to collect them to the fund that is directed, by budgetary authorization, to spend them.

Significant interfund transfers during the Fiscal Year include:

- \$670,128 Solid Waste transfer to General Government of \$625,132, and Health District of \$44,996, for administrative and overhead costs.
- \$371,446 District Court transfer to Justice Fund for one-time prosecution fees.
- \$165,234 General fund transfer to other non-major governmental funds of \$102,907, and Solid Waste Enterprise of \$62,327 for wage adjustments.
- \$26,050 Aquifer Protection Fund transfer to General Fund for program administrative costs.
- \$121,239 General fund transfer to Parks and District Court Fund to cover unanticipated expenditures.

NOTE 16: FUND EQUITY

16-A. Deficit Fund Equity:

At September 30, 2013, the following County fund had a temporary fund balance deficit: District Court Fund, \$77,225. The deficit in the fund will be resolved in the next Fiscal Year through increasing tax revenue over annual expenditures.

Kootenai County Comprehensive Annual Financial Report - FY 2013

16-B. Fund Equity Balances:

At September 30, 2013 the following fund equity balances were reserved:

Fund Equity Balances:	General	Other Govt	Total
Nonspendable:			
Prepays	\$ 274,414	\$ 3,680	\$ 278,094
Total Nonspendable	274,414	3,680	278,094
Restricted:			
Juvenile Justice Services	179,428	-	179,428
Enhanced 9-1-1 Services	1,814,190	-	1,814,190
Court Facility Construction	341,077	-	341,077
Sheriff Commissary	82,938	-	82,938
Sheriff Drug Seizure	665,633	-	665,633
Court Interlock Devices	-	83,773	83,773
Operations	-	1,953,168	1,953,168
Total Restricted	3,083,266	2,036,941	5,120,207
Committed:			
Capital Project-Central Fuel Program	1,000,000	-	1,000,000
Capital Project-Facilities Master Plan	8,500,000	-	8,500,000
Capital Project-Info System Infrastructure	500,000	-	500,000
Capital Project-Land Acquisition	244,000	-	244,000
Capital Project-Infrastructure Replacement	1,000,742	-	1,000,742
Capital Project-Building & Grounds Facility	1,200,000	-	1,200,000
Capital Project-Construction	37,145	-	37,145
Capital Project-Planning & Zoning Ordinances	2,125	-	2,125
Capital Project-Emerg 9-1-1 bldg constr.	29,146	-	29,146
Info Systems Project-Jail Camera Systems	68,936	-	68,936
Info Systems Project-Tax Software Update	369,851	-	369,851
Info Systems Project-Case Management Software	250,827	-	250,827
Info System Projects- Other	51,062	-	51,062
Recorder's Project-Archival Project	54,153	-	54,153
Capital Purchases	591,378	-	591,378
Sheriff Snowmobile	-	23,448	23,448
Operations	1,913,198	1,463,631	3,376,829
Total Committed	15,812,563	- 1,487,079	- 17,299,642
Assigned:			
Capital Replacement Projects	554,880	106,394	661,274
Total Assigned	554,880	- 106,394	- 661,274
Unassigned:			
	13,223,085	-	13,223,085
Total Fund Equity Balances	\$ 32,948,208	\$ 3,634,094	\$ 36,582,302

Required Supplementary Information

The Kootenai County Recorder's Office is responsible for a number of functions. In addition to recording land documents, this office also accepts federal passport applications, processes County beverage licenses, and issues marriage licenses. Over the past five years, the Recorder's Office has:

- Issued an average of 3,124 marriage licenses per year
- Accepted an average of 3,057 passport applications per year
- Recorded an average of 50,752 real estate documents per year
- Processed an average of 343 beverage licenses per year

The Recorder's office is completely funded by user fees, and is not funded by property tax funds in any way. In 2013, the Recorder's Office generated revenue in the amount of \$1,186,142, which is placed into the general fund, in order to support the County budget and ultimately mitigate some of the tax burden on citizens of the County.

In 2010, House Bill 521 was enacted by the legislature to "support County Recorder's departments" by increasing the recording fee by \$7 per document. Those funds were segregated to accumulate and be used for future Recorder projects, such as archiving of previously recorded documents.

In 2013, work began to scan and digitize archived documents dated from 1890 to 1972, beginning with more than 1,300 bound books of recorded documents. This project will ensure that all recorded documents in Kootenai County are perpetually safe and accessible to future generations. To date, approximately 1,000,000 images have been electronically archived.



Recording Technician Melissa Merrifield and Recording Clerk Shelli Halloran display an original plan of the Tubbs Addition, one of the many documents that will be scanned and digitized as part of the Recorder's Office efforts. This deed was signed by the County Recorder on May 23, 1884.

KOOTENAI COUNTY, IDAHO
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 32,045,149	\$ 32,045,149	\$ 33,072,884	\$ 1,027,735
Licenses and permits	1,285,700	1,297,770	1,338,538	40,768
Intergovernmental	7,563,510	9,026,076	9,640,641	614,565
Interest	350,000	388,500	415,710	27,210
Fines and forfeitures	337,304	897,424	1,424,949	527,525
Charges for services	5,662,059	5,867,457	6,405,321	537,864
Miscellaneous	246,661	520,036	443,367	(76,669)
Fund balance appropriations	2,151,398	6,194,760	-	(6,194,760)
<i>Total Revenues</i>	49,641,781	56,237,172	52,741,410	(3,495,762)
<u>Expenditures</u>				
Current:				
General government				
Assessor	1,494,817	1,532,216	1,488,511	43,705
Building & Grounds	529,965	537,435	483,270	54,165
County Clerk	4,197,947	4,304,869	4,028,741	276,128
Cooperative Extension	-	-	-	-
County Auto Shop	225,018	230,432	228,517	1,915
County Commissioner	832,897	862,564	758,790	103,774
County Grant Writer	50,292	51,791	45,903	5,888
General Accounts	1,838,618	849,368	730,944	118,424
Office of Emergency Management	294,145	611,767	339,105	272,662
Human Resources	221,883	249,905	236,042	13,863
Information Services	2,011,333	2,036,448	1,898,194	138,254
Legal Services	-	-	-	-
Liability Insurance	728,670	729,851	737,428	(7,577)
Community Development	1,595,955	1,636,579	1,484,330	152,249
Prosecuting Attorney	2,863,223	2,993,474	2,854,894	138,580
Public Defender	2,195,385	2,252,755	2,135,562	117,193
Reprographics/Mail Room	270,408	274,198	233,466	40,732
Treasurer	678,112	697,163	614,240	82,923
Veterans Services	96,104	96,851	88,572	8,279

(Continued)

KOOTENAI COUNTY, IDAHO
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
<i>(continued from prior page)</i>				
Public safety				
9-1-1	\$ 2,912,941	\$ 2,920,735	\$ 2,853,386	\$ 67,349
Adult Misdemeanor Probation	510,247	576,659	526,097	50,562
Coroner	311,138	313,979	235,478	78,501
Justice - General Accounts	525,000	530,949	531,046	(97)
Juvenile Detention Center	2,317,719	2,444,237	2,233,383	210,854
Juvenile Diversion	252,503	251,690	252,432	(742)
Juvenile Probation	1,070,193	1,217,842	1,197,228	20,614
Sheriff	20,511,258	22,324,321	21,119,320	1,205,001
Health & welfare				
County Assistance	432,500	432,500	436,042	(3,542)
Capital outlay:				
Capital expenditures	1,362,188	4,219,147	3,103,160	1,115,987
Construction in Progress	-	1,379,038	265,340	1,113,698
Total Expenditures	50,330,459	56,558,763	51,139,421	5,419,342
Excess of Revenues Over (Under) Expenditures	(688,678)	(321,591)	1,601,989	1,923,580
Other Financing Sources (Uses)				
Proceeds insurance	-	-	2,300	2,300
Transfers In	796,178	1,267,312	1,022,629	(244,683)
Transfers (out)	(107,500)	(945,721)	(293,973)	651,748
Total Other Financing Sources (Uses)	688,678	321,591	730,956	409,365
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	2,332,945	
Fund Balances Beginning of Year			30,615,263	
Fund Balances End of Year			\$ 32,948,208	

The accompanying note is an integral part of this financial schedule.

KOOTENAI COUNTY, IDAHO
Required Supplementary Information
Note to Required Supplementary Information
Basis of Budgetary Reporting
Stewardship, Compliance, and Accountability
For the Year Ended September 30, 2013

Basis of Budgetary Accounting

The County's legal budget is prepared on the modified accrual basis of accounting. Appropriations are made for the Fiscal Year, and lapse at the close of the year. The Budget and Actual schedules are prepared on the budgetary basis and vary from Generally Accepted Accounting Principles (GAAP). The reconciliation at the end of the Budget and Actual statements discloses the difference between the budget basis and GAAP.

All appropriations, other than appropriations for incomplete capital improvements, lapse at the end of the Fiscal Year. Appropriation accounts remain open until the first Monday in November for the payment of claims incurred against such appropriations before the close of the Fiscal Year. Payment of any claim presented after that day comes out of the subsequent year's budget.

Any unexpended appropriations for incomplete capital improvements carry forward into the subsequent year's budget.

Stewardship, Compliance, and Accountability

The County budgets revenues and expenditures as required by Idaho Code Section 31, Chapter 16. Following these guidelines, the County adopts annual appropriations for General, Special Revenue, and Enterprise Funds. Capital project activities are integrated into the related fund's budget. All budgets are adopted on an accounting basis that differs from GAAP as described above. The following is a summary of the budgetary process for the County:

Prior to the fourth Monday in April, each elected official or department head submits to the Auditor's Office a proposed operating budget, and detailed listing of capital needs for the next Fiscal Year. The budget request addresses any appropriate redistribution of funds between operating elements and explains any increase in staffing or operating costs. The Auditor's Office assures the accuracy of the submissions and submits the requests to the Board of County Commissioners for review and departmental budget hearings, deliberations and public presentation.

On or before the first Monday in August, the proposed budget is submitted to the County Commissioners for final review and tentative approval for publication. The public budget hearing is conducted on or before the Tuesday after Labor Day to obtain taxpayer comments and concerns. After the hearing is closed the Commissioners legally adopt the budget by resolution and it becomes an official record of the Board.

The budget that is adopted cannot increase the amount that was published in the local newspaper. Per Idaho Code Section 31, the actual expenditures for the ensuing Fiscal Year shall not exceed the appropriations legally adopted by the Commissioners.

During the year the county commissioners may proceed to adjust the budget as adopted to reflect the receipt of unanticipated revenue, grants, or donations from federal, state or local governments or private sources, provided that there shall be no increase in anticipated property taxes. Budget increases can only occur after advertising the proposed change, holding a public hearing, and a subsequent resolution of the Board of County Commissioners.

The Fiscal Year for Idaho Counties begins on October 1, and runs through September 30 of the following calendar year. By state law, the County is required to adopt annual budgets for all funds except trust funds and agency funds.

Kootenai County employs formal budgetary accounting as a management control. The Board of County Commissioners adopts the annual budget via resolution and formally integrates the budget into the accounting system. The annual budget is prepared and adopted on a modified accrual basis that departs from generally accepted accounting principles. Budgets for governmental funds are prepared in accordance with the modified accrual basis, which is the same accounting basis used to reflect actual revenues and expenditures. The level of budgetary control at which expenditures may not exceed appropriations is the elected official department level.

Kootenai County Comprehensive Annual Financial Report - FY 2013

Kootenai County Board of County Commissioners approved five (5) unexpended appropriations of projects totaling \$7,152,536 to be carried over from Fiscal Year 2013 budget as allowed by Idaho Code Section 13, Chapter 16. The budgeted expenditures of these incomplete projects were included in prior year budget comparison reports and are therefore excluded from amounts on the Schedule of Budgetary Control Levels on the next page. The following schedule details the in process projects carried over from prior year:

	Prior Appropriations	Prior Year Expenditures	Carryforward Balance 10/1/2012	Appropriation FY 2013	Expenditures FY 2013	Carryforward Balance 9/30/2013
Landfill Capital Improvement Projects	\$ 2,105,131	\$ 239,003	\$ 1,866,128	\$ 5,881,745	\$ 3,292,980	\$ 4,454,893
Solid Waste						
Rural Site Purchases	-	-	-	669,070	34,672	634,398
Property Tax						
Software System	463,655	92,241	371,414	-	1,563	369,851
Planning and Zoning						
Master Plan	350,000	238,823	111,177	-	109,052	2,125
Clerk Recorder's						
Archiving Project	300,000	245,847	54,153	-	-	54,153
9-1-1 Call Center						
Remodel	1,400,000	490,640	909,360	98,381	978,595	29,146
Jail Camera System						
Upgrade	594,780	30,829	563,951	-	495,015	68,936
Information System Wireless						
Equipment Project	195,210	29,720	165,490	22,455	136,883	51,062
District Court						
Casemanagement Software	500,000	-	500,000	-	249,173	250,827
Replacement						
Reserve Capital Projects	1,362,538	-	1,362,538	100,000	225,393	1,237,145
Airport						
Road Projects	50,000	-	50,000	(50,000)	-	-
Waterway						
Grant Capital Project	144,328	-	144,328	(144,328)	-	-
Total Carryforward			<u>\$ 6,098,539</u>			<u>\$ 7,152,536</u>

KOOTENAI COUNTY, IDAHO
Required Supplementary Information
Schedule of Expenditure Compliance at the Legal Level of Budgetary Control
Budget and Actual
By Elected Official
For the Year Ended September 30, 2013

	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget (Over) Under
Board of County Commissioners			
General Government	\$ 20,074,230	\$ 17,852,544	\$ 2,221,686
Solid Waste	18,676,888	8,396,021	10,280,867
Total BOCC	<u>\$ 38,751,118</u>	<u>\$ 26,248,565</u>	<u>\$ 12,502,553</u>
County Clerk	<u>\$ 8,180,379</u>	<u>\$ 6,816,528</u>	<u>\$ 1,363,851</u>
Administrative District Judge	<u>\$ 2,233,918</u>	<u>\$ 2,266,637</u>	<u>\$ (32,719)</u>
Treasurer	<u>\$ 697,163</u>	<u>\$ 614,240</u>	<u>\$ 82,923</u>
County Assessor	<u>\$ 3,792,652</u>	<u>\$ 3,564,051</u>	<u>\$ 228,601</u>
Coroner	<u>\$ 313,979</u>	<u>\$ 235,478</u>	<u>\$ 78,501</u>
County Sheriff	<u>\$ 27,751,350</u>	<u>\$ 26,377,271</u>	<u>\$ 1,374,079</u>
Prosecuting Attorney	<u>\$ 3,245,164</u>	<u>\$ 3,107,326</u>	<u>\$ 137,838</u>

Supplementary Information

The Sheriff is a constitutional office in the State of Idaho (under Article 18, Section 6), and his duties are clearly outlined within Idaho Code (Title 31). The Sheriff is the primary law enforcement officer in the County and, as such, must provide law enforcement services throughout the County. In order to meet these statutory requirements, the Kootenai County Sheriff's Office (KCSO) is comprised of many divisions or units, including:

- Patrol
- 911 Emergency Operations
- SWAT
- Detective Division
- Recreation Safety
- Violent Crimes Task Force
- Jail Custody and Support Services
- Pierce Clegg Work Release Center
- Explosives Recognition Team

From the appointment of our first Sheriff, Fred Haines, (1881), through the election of our current Sheriff, Ben Wolfinger (2012), the purpose of the KCSO has been to fulfill the mandates of Idaho law, while providing the highest quality of professional law enforcement services in an effective and cost-efficient manner for Kootenai County residents and visitors.



Sheriff's Building next to current courthouse.
This was the jail and Sheriff's residence.

Circa 1925 - Photo courtesy of the Museum of North Idaho

Kootenai County Sheriff's Office today



**Non-major Governmental Funds
Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Centennial Trail Fund - accounts for maintenance, improvements, and capital expansion of the Idaho Centennial Trail. Funding is provided by participating Joint Power Board members of cities; and Federal, State, and Local grants.

Tourism Promotion Fund - accounts for proceeds collected from pari-mutuel betting at the Greyhound Park in Post Falls. The Board of County Commissioners has made a decision to pass along revenues to the Visitor's Bureau of Post Falls for its gateway community services.

Airport Fund - accounts for the operation of the county airport. Funding is provided through property taxes, rents, and fees.

County Fair - accounts for the funding of the North Idaho Fair and Rodeo. Funding is provided through property taxes.

Noxious Weeds - accounts for the operation of weed control. Funding is provided through property taxes, fees, and grants.

Health District - accounts for the funding of the county's obligation to the Health District. Funding is provided through property taxes.

Historical Society - accounts for the funding of the county's obligation to the local Historical Society. Funding is provided through property taxes.

Parks - accounts for the operation of the county's Parks Department. Funding is provided through property taxes, grants and fees.

Snowmobile Fund - accounts for the funding of the local Snowmobile Society. Funding is provided through licenses and permits.

County Vessel - accounts for the operation, patrol and improvements of county waterways. Funding is provided through boater registration receipts, licenses, fees, and grants.

Public Access Contribution - accounts for resources provided by a lease with the Hagadone Corporation for mitigation from loss of public waterfront access due to the lake bed encroachment from the floating green. Funding is provided through a lease agreement based upon golf course green fees.

Indigent Fund - accounts for the operation of county assistance. Funding is provided through property taxes.

FTA Public Transportation Fund - accounts for the operation of the county's Public Transportation. Funding is provided through FTA grants and agreements with local agencies.

District Court - accounts for the operation of the county court system. Funding is provided through property taxes, charges for services, fines and forfeitures.

Revaluation - accounts for the operation re-assessing county property. Funding is provided through property taxes and fees.

Kootenai County Emergency Management - accounts for the provision of paramedic and ambulance district support for the residents of Kootenai County. Funding is provided through taxes, licenses, and fees.

Aquifer Protection Fund - accounts for Aquifer protection fees collected for the preservation and protection of the Rathdrum Prairie Aquifer.

Non-major Capital Projects Funds
Capital Projects Funds

The Capital Projects Fund is used to account for resources utilized to acquire and construct major capital facilities and improvements, other than those financed by proprietary funds.

General Construction Fund - This fund is used to account for major capital projects established within the County's operation of the general governmental activities. Funding sources are provided through capital grant receipts from Federal, State, and other governmental agencies.

Combining Financial Statements



Coeur d'Alene and Kootenai County Peace Officers 1934. Left to right: Bert Stucker, city policeman; Harry H. Haner, deputy sheriff; Bert Hatch, city traffic officer; S. J. McMillan, sheriff; Mike Roche, police chief; Fred B. Davis, state patrolman; Ed Molstead, deputy sheriff; Knute T. Holm, city policeman W. B. McCartney, night jailer not pictured.

Photo courtesy of the Museum of North Idaho



Kootenai County, Circa 1945

Photo courtesy of the Museum of North Idaho



The Sheriff's Office Command Staff, 2012

Front L to R: Major Dan Mattos, Undersheriff Travis Chaney, Sheriff Rocky Watson, Major Neal Robertson and Major Ben Wolfinger. Back row from L to R: Lt. Lisa Carrington, Lt. Stuart Miller, Lt. John Holecek, Capt. Dan Soumas, Capt. Andy Deak, Lt. Andy Boyle, Capt. Kim Edmondson and 911 Director Brad Coughenour

Photo by Quicksilver Studios

**KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2013**

	Non-major Special Revenue Funds		Non-major Capital Projects Funds		Total Non-major Governmental Funds
Assets					
Cash in bank and investments	\$ 4,206,209		\$ -		\$ 4,206,209
Taxes delinquent-receivable	227,877		-		227,877
Accounts receivable, (net)	201,178		-		201,178
Interest receivable	3		-		3
Grants receivable	319,509		295,083		614,592
Prepays	3,680		-		3,680
Total Assets	\$ 4,958,456		\$ 295,083		\$ 5,253,539
Liabilities					
Accounts payable	\$ 464,784		\$ 274,414		\$ 739,198
Payroll and related liabilities	-		-		-
Unearned revenues-other	169,265		-		169,265
Unearned revenues-grants	176,336		-		176,336
Due to other funds	342,177		20,669		362,846
Total Liabilities	1,152,562		295,083		1,447,645
Deferred Inflows of Resources					
Unavailable property taxes	171,800		-		171,800
Total Deferred Inflows of Resources	171,800		-		171,800
Fund Balances					
Nonspendable	3,680		-		3,680
Restricted	2,036,941		-		2,036,941
Committed	1,487,079		-		1,487,079
Assigned	106,394		-		106,394
Total Fund Balances	3,634,094		-		3,634,094
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,958,456		\$ 295,083		\$ 5,253,539

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2013**

	Centennial Trail Special Revenue	Tourism Promo. Special Revenue	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue
Assets					
Cash in bank and investments	\$ 106,394	\$ 1,202	\$ 380,610	\$ 3,081	\$ 24,202
Taxes delinquent-receivable	-	-	14,031	1,737	6,268
Accounts receivable, (net)	-	161	-	-	3,006
Interest receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Prepays	-	-	387	-	-
Total Assets	\$ 106,394	\$ 1,363	\$ 395,028	\$ 4,818	\$ 33,476
Liabilities					
Accounts payable	\$ -	\$ 385	\$ 30,053	\$ -	\$ 2,150
Payroll and related liabilities	-	-	-	-	-
Deferred revenues	-	-	11,509	-	-
Deferred grant revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	385	41,562	-	2,150
Deferred Inflows of Resources					
Unavailable property taxes	-	-	11,793	1,298	4,671
Total Deferred Inflows of Resources	-	-	11,793	1,298	4,671
Fund Balances					
Nonspendable	-	-	387	-	-
Restricted	-	978	229,746	3,520	(31,982)
Committed	-	-	111,540	-	58,637
Assigned	106,394	-	-	-	-
Total Fund Balances	106,394	978	341,673	3,520	26,655
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 106,394	\$ 1,363	\$ 395,028	\$ 4,818	\$ 33,476

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2013**

	Health District Special Revenue	Historical Society Special Revenue	Parks & Rec Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue
Assets					
Cash in bank and investments	\$ 78,539	\$ 1	\$ 143,677	\$ 149,318	\$ 97,852
Taxes delinquent-receivable	15,841	466	4,952	-	-
Accounts receivable, (net)	-	-	-	-	49,976
Interest receivable	-	-	-	-	-
Grants receivable	-	2,141	-	-	-
Prepays	-	-	-	527	-
Total Assets	\$ 94,380	\$ 2,608	\$ 148,629	\$ 149,845	\$ 147,828
Liabilities					
Accounts payable	\$ -	\$ 430	\$ 1,487	\$ 353	\$ 13,068
Payroll and related liabilities	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Deferred grant revenues	-	-	-	-	-
Due to other funds	-	1,245	-	-	-
Total Liabilities	-	1,675	1,487	353	13,068
Deferred Inflows of Resources					
Unavailable property taxes	11,847	406	3,713	-	-
Total Deferred Inflows of Resources	11,847	406	3,713	-	-
Fund Balances					
Nonspendable	-	-	-	527	-
Restricted	59,224	(14)	26,500	125,517	134,760
Committed	23,309	541	116,929	23,448	-
Total Fund Balances	82,533	527	143,429	149,492	134,760
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 94,380	\$ 2,608	\$ 148,629	\$ 149,845	\$ 147,828

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2013**

	Public Access Special Revenue	Indigent Special Revenue	FTA Public Trans Special Revenue	District Court Special Revenue
Assets				
Cash in bank and investments	\$ 41,331	\$ 1,847,527	\$ -	\$ 202,973
Taxes delinquent-receivable	-	63,917	-	11,522
Accounts receivable, (net)	-	1,725	-	128,857
Interest receivable	3	-	-	-
Grants receivable	-	-	317,368	-
Prepays	-	-	-	2,766
Total Assets	\$ 41,334	\$ 1,913,169	\$ 317,368	\$ 346,118
Liabilities				
Accounts payable	\$ -	\$ 140,028	\$ 72,605	\$ 71,019
Payroll and related liabilities	-	-	-	-
Deferred revenues	-	86,281	36,100	35,375
Deferred grant revenues	-	-	176,336	-
Due to other funds	-	-	32,327	308,605
Total Liabilities	-	226,309	317,368	414,999
Deferred Inflows of Resources				
Unavailable property taxes	-	48,798	-	8,344
Total Deferred Inflows of Resources	-	48,798	-	8,344
Fund Balances				
Nonspendable	-	-	-	2,766
Restricted	41,334	1,390,414	-	(209,866)
Committed	-	247,648	-	129,875
Total Fund Balances (Deficits)	41,334	1,638,062	-	(77,225)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 41,334	\$ 1,913,169	\$ 317,368	\$ 346,118

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2013**

	Revaluation Special Revenue	KCEMSS Special Revenue	Aquifer Protection Special Revenue	Total Nonmajor Special Revenue Funds
Assets				
Cash in bank and investments	\$ 816,309	\$ 19,625	\$ 293,568	\$ 4,206,209
Taxes delinquent-receivable	50,655	46,875	11,613	227,877
Accounts receivable, (net)	-	17,453	-	201,178
Interest receivable	-	-	-	3
Grants receivable	-	-	-	319,509
Prepays	-	-	-	3,680
Total Assets	\$ 866,964	\$ 83,953	\$ 305,181	\$ 4,958,456
Liabilities				
Accounts payable	\$ 7,836	\$ 19,626	\$ 105,744	\$ 464,784
Payroll and related liabilities	-	-	-	-
Deferred revenues	-	-	-	169,265
Deferred grant revenues	-	-	-	176,336
Due to other funds	-	-	-	342,177
Total Liabilities	7,836	19,626	105,744	1,152,562
Deferred Inflows of Resources				
Unavailable property taxes	37,613	34,722	8,595	171,800
Total Deferred Inflows of Resources	37,613	34,722	8,595	171,800
Fund Balances				
Nonspendable	-	-	-	3,680
Restricted	46,363	29,605	190,842	2,036,941
Committed	775,152	-	-	1,487,079
Assigned	-	-	-	106,394
Total Fund Balances	821,515	29,605	190,842	3,634,094
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 866,964	\$ 83,953	\$ 305,181	\$ 4,958,456

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Capital Projects Funds
September 30, 2013**

	General Construction Capital Projects	Total Non-major Capital Project Funds
Assets		
Cash in bank and investments	\$ -	\$ -
Grants receivable	295,083	295,083
<i>Total Assets</i>	\$ 295,083	\$ 295,083
 Liabilities		
Accounts payable	\$ 274,414	\$ 274,414
Deferred grant revenues	-	-
Due to other funds	20,669	20,669
<i>Total Liabilities</i>	295,083	295,083
 Fund Balances		
Restricted	-	-
<i>Total Fund Balances</i>	-	-
 <i>Total Liabilities and Fund Balances</i>	\$ 295,083	\$ 295,083

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2013

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues			
Taxes	\$ 9,571,142	\$ -	\$ 9,571,142
Licenses and permits	129,938	-	129,938
Intergovernmental	1,810,583	2,103,418	3,914,001
Interest	383	-	383
Fines and forfeitures	858,739	-	858,739
Charges for services	814,849	-	814,849
Miscellaneous	985,891	273,150	1,259,041
<i>Total Revenues</i>	14,171,525	2,376,568	16,548,093
Expenditures			
Current:			
General government	3,625,946	-	3,625,946
Public works	810,421	-	810,421
Public safety	4,813,292	-	4,813,292
Sanitation	289,290	-	289,290
Health & welfare	3,370,898	-	3,370,898
Culture and recreation	625,377	-	625,377
Capital Outlay:			
Capital expenditures	284,978	73,091	358,069
Construction in progress	82,797	2,303,477	2,386,274
<i>Total Expenditures</i>	13,902,999	2,376,568	16,279,567
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	268,526	-	268,526
Other Financing Sources (Uses)			
Proceeds from Insurance	24,280	-	24,280
Transfers In	276,642	-	276,642
Transfers (out)	(397,497)	-	(397,497)
<i>Total Other Financing Sources (Uses)</i>	(96,575)	-	(96,575)
<i>Net Change in Fund Balances</i>	171,951	-	171,951
<i>Fund Balances Beginning of Year</i>	3,462,143	-	3,462,143
Fund Balances End of Year	\$ 3,634,094	\$ -	\$ 3,634,094

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2013

	Centennial Trail Special Revenue	Tourism Promo. Special Revenue	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue
Revenues					
Taxes	\$ -	\$ -	\$ 336,700	\$ 76,255	\$ 285,039
Licenses and permits	-	-	-	-	-
Intergovernmental	-	3,256	-	-	15,261
Interest	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services	15,000	-	69,748	-	90
Miscellaneous	-	-	401,597	120	1,433
<i>Total Revenues</i>	15,000	3,256	808,045	76,375	301,823
Expenditures					
Current:					
General government	-	-	-	-	-
Public works	-	-	810,421	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	289,290
Health & welfare	-	-	-	-	-
Culture and recreation	3,000	3,256	-	75,000	-
Capital outlay:					
Capital expenditures	-	-	86,109	-	47,952
Construction in progress	-	-	74,676	-	-
<i>Total Expenditures</i>	3,000	3,256	971,206	75,000	337,242
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	12,000	-	(163,161)	1,375	(35,419)
Other Financing Sources					
Proceeds from Insurance	-	-	-	-	-
Transfers in	7,500	-	10,517	-	3,437
Transfers (out)	-	-	-	-	-
<i>Total Other Financing Sources</i>	7,500	-	10,517	-	3,437
<i>Net Change in Fund Balances</i>	19,500	-	(152,644)	1,375	(31,982)
<i>Fund Balances Beginning of Year</i>	86,894	978	494,317	2,145	58,637
<i>Fund Balances End of Year</i>	\$ 106,394	\$ 978	\$ 341,673	\$ 3,520	\$ 26,655

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2013

	Health District Special Revenue	Historical Society Special Revenue	Parks Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue
Revenues					
Taxes	\$ 703,594	\$ 12,467	\$ 225,115	\$ -	\$ -
Licenses and permits	-	-	-	90,819	-
Intergovernmental	-	2,141	-	12,000	653,5649
Interest	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	67,460	-	-
Miscellaneous	755	19	(3,449)	1,400	(73,612)
<i>Total Revenues</i>	<u>704,349</u>	<u>14,627</u>	<u>289,126</u>	<u>104,219</u>	<u>579,952</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	-	-	-	5,491	373,718
Sanitation	-	-	-	-	-
Health & welfare	690,121	-	-	-	-
Culture and recreation	-	14,641	237,600	63,613	228,267
Capital outlay:					
Capital expenditures	-	-	50,353	24,055	48,911
Construction in progress	-	-	8,121	-	-
<i>Total Expenditures</i>	<u>690,121</u>	<u>14,641</u>	<u>296,074</u>	<u>93,159</u>	<u>650,896</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>14,228</u>	<u>(14)</u>	<u>(6,948)</u>	<u>11,060</u>	<u>(70,944)</u>
Other Financing Sources (Uses)					
Proceeds from Insurance	-	-	20,700	3,580	-
Transfers in	44,996	-	4,595	-	2,949
Transfers (out)	-	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>44,996</u>	<u>-</u>	<u>25,295</u>	<u>3,580</u>	<u>2,949</u>
<i>Net Change in Fund Balances</i>	<u>59,224</u>	<u>(14)</u>	<u>18,347</u>	<u>14,640</u>	<u>(67,995)</u>
<i>Fund Balances Beginning of Year</i>	<u>23,309</u>	<u>541</u>	<u>125,082</u>	<u>134,852</u>	<u>202,755</u>
<i>Fund Balances End of Year</i>	<u>\$ 82,533</u>	<u>\$ 527</u>	<u>\$ 143,429</u>	<u>\$ 149,492</u>	<u>\$ 134,760</u>

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2013

	Public Access Special Revenue	Indigent Special Revenue	FTA Public Trans. Special Revenue	District Court Special Revenue
Revenues				
Taxes	\$ -	\$ 2,748,971	\$ -	\$ 490,659
Licenses and permits	-	-	-	400
Intergovernmental	5,696	-	926,073	132,865
Interest	383	-	-	-
Fines and forfeitures	-	-	-	858,739
Charges for services	-	-	644,948	17,407
Miscellaneous	(40,000)	691,957	-	1,084
<i>Total Revenues</i>	(33,921)	3,440,928	1,571,021	1,501,154
Expenditures				
Current:				
General government	-	-	1,556,690	-
Public works	-	-	-	-
Public safety	-	-	-	2,248,091
Sanitation	-	-	-	-
Health & welfare	-	2,255,295	-	-
Culture and recreation	-	-	-	-
Capital outlay:				
Capital expenditures	-	-	14,331	13,267
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	-	2,255,295	1,571,021	2,261,358
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(33,921)	1,185,633	-	(760,204)
Other Financing Sources (Uses)				
Proceeds from Insurance	-	-	-	-
Transfers in	-	4,781	-	152,797
Transfers (out)	-	-	-	(371,447)
<i>Total Other Financing Sources (Uses)</i>	-	4,781	-	(218,650)
<i>Net Change in Fund Balances</i>	(33,921)	1,190,414	-	(978,854)
<i>Fund Balances Beginning of Year</i>	75,255	447,648	-	901,629
<i>Fund Balances End of Year (Deficit)</i>	\$ 41,334	\$ 1,638,062	\$ -	\$ (77,225)

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2013

	Revaluation Special Revenue	Kootenai Emergency Management Special Revenue	Aquifer Protection District Special Revenue	Total Non-major Special Revenue Funds
Revenues				
Taxes	\$ 2,243,485	\$ 2,057,667	\$ 391,190	\$ 9,571,142
Licenses and permits	-	38,719	-	129,938
Intergovernmental	-	59,727	-	1,810,583
Interest	-	-	-	383
Fines and forfeitures	-	-	-	858,739
Charges for services	196	-	-	814,849
Miscellaneous	2,558	2,029	-	985,891
<i>Total Revenues</i>	2,246,239	2,158,142	391,190	14,171,525
Expenditures				
Current:				
General government	2,069,256	-	-	3,625,946
Public works	-	-	-	810,421
Public safety	-	2,185,992	-	4,813,292
Sanitation	-	-	-	289,290
Health & welfare	-	-	425,482	3,370,898
Culture and recreation	-	-	-	625,377
Capital outlay:				
Capital expenditures	-	-	-	284,978
Construction in progress	-	-	-	82,797
<i>Total Expenditures</i>	2,069,256	2,185,992	425,482	13,902,999
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	176,983	(27,850)	(34,292)	268,526
Other Financing Sources				
Proceeds from Insurance	-	-	-	24,280
Transfers in	45,070	-	-	276,642
Transfers (out)	-	-	(26,050)	(397,497)
<i>Total Other Financing Sources</i>	45,070	-	(26,050)	(96,575)
<i>Net Change in Fund Balances</i>	222,053	(27,850)	(60,342)	171,951
<i>Fund Balances Beginning of Year</i>	599,462	57,455	251,184	3,462,143
<i>Fund Balances End of Year</i>	\$ 821,515	\$ 29,605	\$ 190,842	\$ 3,634,094

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Capital Projects Funds
For the Year Ended September 30, 2013

	General Construction Capital Projects	Total Non-major Capital Projects Funds
Revenues		
Intergovernmental	\$ 2,103,418	\$ 2,103,418
Miscellaneous	273,150	273,150
<i>Total Revenues</i>	2,376,568	2,376,568
Expenditures		
Current:		
Capital outlay:		
Capital expenditures	73,091	73,091
Construction in progress	2,303,477	2,303,477
<i>Total Expenditures</i>	2,376,568	2,376,568
<i>Net Change in Fund Balances</i>	-	-
<i>Fund Balances Beginning of Year</i>	-	-
Fund Balances End of Year	\$ -	\$ -

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Centennial Trail and Tourism Promotion Special Revenue Funds
For the Year Ended September 30, 2013

	Centennial Trail Special Revenue Fund			Tourism Promotion Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 3,500	\$ 3,256	\$ (244)
Charges for services	15,000	15,000	-	-	-	-
<i>Total Revenues</i>	15,000	15,000	-	3,500	3,256	(244)
Expenditures						
Current:						
Culture and recreation	15,000	3,000	12,000	3,500	3,256	244
Capital outlay:						
Capital expenditures	7,500	-	7,500	-	-	-
<i>Total Expenditures</i>	22,500	3,000	19,500	3,500	3,256	244
<i>Deficiency of Revenues Under Expenditures</i>	(7,500)	12,000	19,500	-	-	-
Other Financing Sources						
Transfers In	7,500	7,500	-	-	-	-
<i>Total Other Financing Sources</i>	7,500	7,500	-	-	-	-
<i>Net Change in Fund Balances</i>	-	19,500	19,500	-	-	-
<i>Fund Balances Beginning of Year</i>	86,894	86,894	-	978	978	-
<i>Fund Balances End of Year</i>	\$ 86,894	\$ 106,394	\$ 19,500	\$ 978	\$ 978	\$ -

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Airport and County Fair Special Revenue Funds
For the Year Ended September 30, 2013

	Airport Special Revenue Fund			County Fair Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 323,559	\$ 336,700	\$ 13,141	\$ 75,000	\$ 76,255	\$ 1,255
Charges for services	59,900	69,748	9,848	-	-	-
Miscellaneous	487,494	401,597	(85,897)	-	120	120
<i>Total Revenues</i>	870,953	808,045	(62,908)	75,000	76,375	1,375
Expenditures						
Current:						
Public works	756,820	810,421	(53,601)	-	-	-
Culture and recreation	-	-	-	75,000	75,000	-
Capital outlay:						
Capital expenditures	74,650	86,109	(11,459)	-	-	-
Construction in progress	50,000	74,676	(24,676)	-	-	-
<i>Total Expenditures</i>	881,470	971,206	(89,736)	75,000	75,000	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(10,517)	(163,161)	(152,644)	-	1,375	1,375
Other Financing Sources						
Transfer in	10,517	10,517	-	-	-	-
<i>Total Other Financing Sources</i>	10,517	10,517	-	-	-	-
<i>Net Change in Fund Balances</i>	-	(152,644)	(152,644)	-	1,375	1,375
<i>Fund Balances Beginning of Year</i>	494,317	494,317	-	2,145	2,145	-
<i>Fund Balances End of Year</i>	\$ 494,317	\$ 341,673	\$ (152,644)	\$ 2,145	\$ 3,520	\$ 1,375

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Noxious Weeds and Health District Special Revenue Funds
For the Year Ended September 30, 2013

	Noxious Weeds Special Revenue Fund			Health District Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 280,238	\$ 285,039	\$ 4,801	\$ 690,121	\$ 703,594	\$ 13,473
Intergovernmental	1,000	15,261	14,261	-	-	-
Charges for services	-	90	90	-	-	-
Miscellaneous	47,960	1,433	(46,527)	-	755	755
<i>Total Revenues</i>	329,198	301,823	(27,375)	690,121	704,349	14,228
Expenditures						
Current:						
Sanitation	284,675	289,290	(4,615)	-	-	-
Health & welfare	-	-	-	690,121	690,121	-
Capital outlay:						
Capital expenditures	47,960	47,952	8	-	-	-
<i>Total Expenditures</i>	332,635	337,242	\$ (4,607)	690,121	690,121	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(3,437)	(35,419)	(31,982)	-	14,228	14,228
Other Financing Sources						
Transfers In	3,437	3,437	-	-	44,996	44,996
<i>Total Other Financing Sources</i>	3,437	3,437	-	-	44,996	44,996
<i>Net Change in Fund Balances</i>	-	(31,982)	(31,982)	-	59,224	59,224
<i>Fund Balances Beginning of Year</i>	58,637	58,637	-	23,309	23,309	-
<i>Fund Balances End of Year</i>	\$ 58,637	\$ 26,655	\$ (31,982)	\$ 23,309	\$ 82,533	\$ 59,224

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Historical Society and Parks and Recreation Special Revenue Funds
For the Year Ended September 30, 2013

	Historical Society Special Revenue Fund			Parks Fund Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 12,500	\$ 12,467	\$ (33)	\$ 221,635	\$ 225,115	\$ 3,480
Intergovernmental	-	2,141	2,141	-	-	-
Charges for Services	-	-	-	59,810	67,460	7,650
Miscellaneous	-	19	19	12,500	(3,449)	(15,949)
<i>Total Revenues</i>	12,500	14,627	2,127	293,945	289,126	(4,819)
Expenditures						
Current:						
Culture and recreation	12,500	14,641	(2,141)	254,901	237,600	17,301
Capital outlay:						
Capital expenditures	-	-	-	43,639	50,353	(6,714)
Construction in Progress	-	-	-	-	8,121	(8,121)
<i>Total Expenditures</i>	12,500	14,641	(2,141)	298,540	296,074	2,466
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(14)	(14)	(4,595)	(6,948)	(2,353)
Other Financing Sources						
Proceeds insurance	-	-	-	-	20,700	20,700
Transfers In	-	-	-	2,456	4,595	2,139
<i>Total Other Financing Sources</i>	-	-	-	2,456	25,295	22,839
<i>Net Change in Fund Balances</i>	-	(14)	(14)	(2,139)	18,347	20,486
<i>Fund Balances Beginning of Year</i>	541	541	-	125,082	125,082	-
<i>Fund Balances End of Year</i>	\$ 541	\$ 527	\$ (14)	\$ 122,943	\$ 143,429	\$ 20,486

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Snowmobile and County Vessel Special Revenue Funds
For the Year Ended September 30, 2013

	Snowmobile Special Revenue Fund			County Vessel Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Licenses and permits	\$ 95,394	\$ 90,819	\$ (4,575)	\$ -	\$ -	\$ -
Intergovernmental	16,829	12,000	(4,829)	570,664	653,564	82,900
Miscellaneous	6,307	1,400	(4,907)	862	(73,612)	(74,474)
<i>Total Revenues</i>	118,530	104,219	(14,311)	571,526	579,952	8,426
Expenditures						
Current:						
Public Safety	5,000	5,491	(491)	2,554,594	373,718	2,180,876
Culture and recreation	85,565	63,613	21,952	256,371	228,267	28,104
Capital outlay:						
Capital expenditures	27,965	24,055	3,910	62,644	48,911	13,733
<i>Total Expenditures</i>	118,530	93,159	25,371	2,873,609	650,896	2,222,713
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	11,060	11,060	(2,302,083)	(70,944)	2,231,139
Other Financing Sources						
Proceeds from Insurance	-	3,580	3,580	-	-	-
Transfer in	-	-	-	2,949	2,949	-
<i>Total Other Financing Sources</i>	-	3,580	3,580	2,949	2,949	-
<i>Net Change in Fund Balances</i>	-	14,640	14,640	(2,299,134)	(67,995)	2,231,139
<i>Fund Balances Beginning of Year</i>	134,852	134,852	-	202,755	202,755	-
<i>Fund Balances End of Year</i>	\$ 134,852	\$ 149,492	\$ 14,640	\$ (2,096,379)	\$ 134,760	\$ 2,231,139

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Public Access and Indigent Special Revenue Funds
For the Year Ended September 30, 2013

	Public Access Special Revenue Fund			Indigent Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 2,703,629	\$ 2,748,971	\$ 45,342
Intergovernmental	5,400	5,696	296	-	-	-
Interest	600	383	(217)	-	-	-
Miscellaneous	-	(40,000)	(40,000)	380,000	691,957	311,957
<i>Total Revenues</i>	6,000	(33,921)	(39,921)	3,083,629	3,440,928	357,299
Expenditures						
Current:						
Culture and recreation	6,000	-	6,000	-	-	-
Health & welfare	-	-	-	3,088,857	2,255,295	833,562
<i>Total Expenditures</i>	6,000	-	6,000	3,088,857	2,255,295	833,562
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(33,921)	(33,921)	(5,228)	1,185,633	1,190,861
Other Financing Sources						
Transfers in	-	-	-	5,228	4,781	(447)
<i>Total Other Financing Sources</i>	-	-	-	5,228	4,781	(447)
<i>Net Change in Fund Balances</i>	-	(33,921)	(33,921)	-	1,190,414	1,190,414
<i>Fund Balances Beginning of Year</i>	75,255	75,255	-	447,648	447,648	-
<i>Fund Balances End of Year (Deficit)</i>	\$ 75,255	\$ 41,334	\$ (33,921)	\$ 447,648	\$ 1,638,062	\$ 1,190,414

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
FTA Public Transportation Funds
For the Year Ended September 30, 2013

	Public Transportation Special Revenue Fund		Variance with Final Budge Over (Under)
	Final Budgeted Amounts	Actual Amounts	
Revenues			
Intergovernmental	\$ 825,904	\$ 926,073	\$ 100,169
Charges for services	703,119	644,948	(58,171)
<i>Total Revenues</i>	1,529,023	1,571,021	41,998
Expenditures			
Current:			
General government	1,529,023	1,556,690	(27,667)
Capital outlay:			
Capital expenditures	-	14,331	(14,331)
<i>Total Expenditures</i>	1,529,023	1,571,021	(41,998)
<i>Net Change in Fund Balances</i>	-	-	-
<i>Fund Balances Beginning of Year</i>	-	-	-
<i>Fund Balances End of Year</i>	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
District Court and Revaluation Funds
For the Year Ended September 30, 2013

	District Court Special Revenue Fund			Revaluation Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 473,199	\$ 490,659	\$ 17,460	\$ 2,194,504	\$ 2,243,485	\$ 48,981
Licenses and permits	14,000	400	(13,600)	-	-	-
Intergovernmental	141,650	132,865	(8,785)	-	-	-
Fines and Forfeitures	965,700	858,739	(106,961)	-	-	-
Charges for services	129,653	17,407	(112,246)	-	196	196
Miscellaneous	350,000	1,084	(348,916)	-	2,558	2,558
<i>Total Revenues</i>	2,074,202	1,501,154	(573,048)	2,194,504	2,246,239	51,735
Expenditures						
Current:						
General government	-	-	-	2,247,017	2,069,256	177,761
Public Safety	2,215,139	2,248,091	(32,952)	-	-	-
Capital outlay:						
Capital expenditures	13,500	13,267	233	-	-	-
<i>Total Expenditures</i>	2,228,639	2,261,358	(32,719)	2,247,017	2,069,256	177,761
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(154,437)	(760,204)	(605,767)	(52,513)	176,983	229,496
Other Financing Sources						
Transfer in	35,337	152,797	117,460	52,513	45,070	(7,443)
Transfer (out)	-	(371,447)	(371,447)	-	-	-
<i>Total Other Financing Sources</i>	35,337	(218,650)	(253,987)	52,513	45,070	(7,443)
<i>Net Change in Fund Balances</i>	(119,100)	(978,854)	(859,754)	-	222,053	222,053
Fund Balances Beginning of Year	901,629	901,629	-	599,462	599,462	-
<i>Fund Balances End of Year (Deficit)</i>	\$ 782,529	\$ (77,225)	\$ (859,754)	\$ 599,462	\$ 821,515	\$ 222,053

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Kootenai Emergency Management and Aquifer Protection District Special Revenue Funds
For the Year Ended September 30, 2013

	Kootenai Emergency Management Special Revenue Fund			Aquifer Protection District Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues						
Taxes	\$ 2,010,360	\$ 2,057,667	\$ 47,307	\$ 388,572	\$ 391,190	\$ 2,618
Licenses and permits	37,000	38,719	1,719	-	-	-
Intergovernmental	45,000	59,727	14,727	-	-	-
Miscellaneous	-	2,029	2,029	131,148	-	(131,148)
<i>Total Revenues</i>	<u>2,092,360</u>	<u>2,158,142</u>	<u>65,782</u>	<u>519,720</u>	<u>391,190</u>	<u>(128,530)</u>
Expenditures						
Current:						
Public Safety	2,092,360	2,185,992	(93,632)	-	-	-
Health & welfare	-	-	-	493,670	425,482	68,188
<i>Total Expenditures</i>	<u>2,092,360</u>	<u>2,185,992</u>	<u>(93,632)</u>	<u>493,670</u>	<u>425,482</u>	<u>68,188</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>-</u>	<u>(27,850)</u>	<u>(27,850)</u>	<u>26,050</u>	<u>(34,292)</u>	<u>(60,342)</u>
Other Financing Sources						
Transfer out	-	-	-	(26,050)	(26,050)	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,050)</u>	<u>(26,050)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>-</u>	<u>(27,850)</u>	<u>(27,850)</u>	<u>-</u>	<u>(60,342)</u>	<u>(60,342)</u>
<i>Fund Balances Beginning of Year</i>	<u>57,455</u>	<u>57,455</u>	<u>-</u>	<u>251,184</u>	<u>251,184</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 57,455</u>	<u>\$ 29,605</u>	<u>\$ (27,850)</u>	<u>\$ 251,184</u>	<u>\$ 190,842</u>	<u>\$ (60,342)</u>

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Construction Capital Projects Funds
For the Year Ended September 30, 2013

	General Construction Capital Project Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Intergovernmental	\$ 2,368,393	\$ 2,103,418	\$ (264,975)
Miscellaneous	267,119	273,150	6,031
<i>Total Revenues</i>	2,635,512	2,376,568	(258,944)
Expenditures			
Capital outlay:			
Capital expenditures	73,219	73,091	128
Construction in progress	2,562,293	2,303,477	258,816
<i>Total Expenditures</i>	2,635,512	2,376,568	258,944
<i>Net Change in Fund Balances</i>	-	-	-
<i>Fund Balances Beginning of Year</i>	-	-	-
<i>Fund Balances End of Year</i>	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

Fiduciary Funds

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's own programs. The following provides a brief description of the County's fiduciary funds:

State of Idaho Agency Fund - accounts for fines, fees, and charges collected on behalf of the State through County operations. County departments collecting State receipts include District Court, Vehicle and Driver Licensing, and Tax Collector for Forest Protection fees.

Taxing Districts Agency Funds account for property tax collected by the county but due to the underlying taxing districts. These agencies include Cities, Highway Districts, School Districts, Fire Districts, Public Library, Water & Sewer Districts, North Idaho College, and Urban Renewal Districts.

Private Purpose Trust Funds are resources held by Kootenai County in a trustee capacity for other individuals and governmental entities. These trust funds are custodial in nature that hold assets including undistributed tax collections, district court holdings, law enforcement seizure assets, and unclaimed property.

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2013
With Comparative Totals for September 30, 2012

	Agency Funds			
	State of Idaho	Cities	Highway Districts	School Districts
Assets				
Cash in bank and investments	\$ 1,302,596	\$ 173,739	\$ 57,642	\$ 196,701
Receivables:				
Taxes delinquent	107,936	790,970	316,025	856,679
Total Assets	\$ 1,410,532	\$ 964,709	\$ 373,667	\$ 1,053,380
Liabilities				
Due to agency activity	\$ 1,410,532	\$ 964,709	\$ 373,667	\$ 1,053,380
Total Liabilities	1,410,532	964,709	373,667	1,053,380
Net Position				
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2013
With Comparative Totals for September 30, 2012

	Agency Funds			
	Fire Districts	Public Library	Water & Sewer Districts	North Idaho College
Assets				
Cash in bank and investments	\$ 78,589	\$ 25,648	\$ 16,468	\$ 90,565
Receivables:				
Taxes delinquent	381,111	105,293	68,591	318,9345
Total Assets	\$ 459,700	\$ 130,941	\$ 85,059	\$ 409,499
Liabilities				
Due to agency activity	\$ 459,700	\$ 130,941	\$ 85,059	\$ 409,499
Total Liabilities	459,700	130,941	85,059	409,499
Net Position				
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2013
With Comparative Totals for September 30, 2012

	Agency Funds		Totals	
	Public Hospital	Urban Renewal Districts	2013	2012
Assets				
Cash in bank and investments	\$ -	\$ 23,322	\$ 1,965,270	\$ 1,807,651
Receivables:				
Taxes delinquent	-	864,722	3,810,261	5,961,479
Total Assets	\$ -	\$ 888,044	\$ 5,775,531	\$ 7,769,130
Liabilities				
Due to agency activity	\$ -	\$ 888,044	\$ 5,775,531	\$ 7,769,130
Total Liabilities	-	888,044	5,775,531	7,769,130
Net Position				
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2013
With Comparative Totals for September 30, 2012

	Private Purpose Trust Funds	
	2013	2012
Assets		
Cash in bank and investments	\$ 3,192,199	\$ 4,404,887
Receivables:		
Taxes delinquent	56,946	24,222
Accounts Receivable, Net	65,447	10,478
Total Assets	\$ 3,314,592	\$ 4,439,587
Liabilities		
Accounts payable	\$ 37,474	\$ 14,192
Deferred property taxes	587,318	476,593
Due in more than one (1) year	41,117	20,208
Due to other individuals	2,400,509	3,443,144
Due to other governments	170,878	404,196
Total Liabilities	3,237,296	4,358,333
Net Position		
Held in trust for other purposes	\$ 77,296	\$ 81,254

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2013

	Agency Funds			Balance 9/30/13
	Balance 10/1/12	Additions	Deletions	
State of Idaho				
Assets				
Cash in bank and investments	\$ 1,239,404	\$ 18,771,457	\$ 18,708,265	\$ 1,302,596
Receivables:				
Taxes delinquent	106,444	1,283,205	1,281,713	107,936
Total Assets	1,345,848	20,054,662	19,989,978	1,410,532
Liabilities				
Due to agency activity	1,345,848	37,576,652	37,511,968	1,410,532
Total Liabilities	\$ 1,345,848	\$ 37,576,652	\$ 37,511,968	\$ 1,410,532
Cities				
Assets				
Cash in bank and investments	\$ 188,196	\$ 35,879,228	\$ 35,893,685	\$ 173,739
Receivables:				
Taxes delinquent	1,181,137	32,007,082	32,397,249	790,970
Total Assets	1,369,333	67,886,310	68,290,934	964,709
Liabilities				
Due to agency activity	1,369,333	103,242,494	103,647,118	964,709
Total Liabilities	\$ 1,369,333	\$ 103,242,494	\$ 103,647,118	\$ 964,709
Highway Districts				
Assets				
Cash in bank and investments	\$ 35,905	\$ 8,214,435	\$ 8,192,698	\$ 57,642
Receivables:				
Taxes delinquent	439,786	9,090,740	9,214,501	316,025
Total Assets	475,691	17,305,175	17,407,199	373,667
Liabilities				
Due to agency activity	475,691	25,365,508	25,467,532	373,667
Total Liabilities	\$ 475,691	\$ 25,365,508	\$ 25,467,532	\$ 373,667
School Districts				
Assets				
Cash in bank and investments	\$ 148,799	\$ 32,666,682	\$ 32,618,780	\$ 196,701
Receivables:				
Taxes delinquent	1,504,348	31,946,527	32,594,196	856,679
Total Assets	1,653,147	64,613,209	65,212,976	1,053,380
Liabilities				
Due to agency activity	1,653,147	96,648,762	97,248,529	1,053,380
Total Liabilities	\$ 1,653,147	\$ 96,648,762	\$ 97,248,529	\$ 1,053,380

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2013

	Agency Funds			Balance 9/30/13
	Balance 10/1/12	Additions	Deletions	
<i>Fire Districts</i>				
Assets				
Cash in bank and investments	\$ 69,860	\$ 13,049,240	\$ 13,040,511	\$ 78,589
Receivables:				
Taxes delinquent	620,239	12,422,508	12,661,636	381,111
Total Assets	690,099	25,471,748	25,702,147	459,700
Liabilities				
Due to agency activity	690,099	38,258,174	38,488,573	459,700
Total Liabilities	\$ 690,099	\$ 38,258,174	\$ 38,488,573	\$ 459,700
<i>Public Library</i>				
Assets				
Cash in bank and investments	\$ 14,419	\$ 3,682,122	\$ 3,670,893	\$ 25,648
Receivables:				
Taxes delinquent	172,256	3,526,975	3,593,938	105,293
Total Assets	186,675	7,209,097	7,264,831	130,941
Liabilities				
Due to agency activity	186,675	10,815,099	10,870,833	130,941
Total Liabilities	\$ 186,675	\$ 10,815,099	\$ 10,870,833	\$ 130,941
<i>Water and Sewer Districts</i>				
Assets				
Cash in bank and investments	\$ 4,791	\$ 459,019	\$ 447,342	\$ 16,468
Receivables:				
Taxes delinquent	91,549	444,478	467,436	68,591
Total Assets	96,340	903,497	914,778	85,059
Liabilities				
Due to agency activity	96,340	1,330,498	1,341,779	85,059
Total Liabilities	\$ 96,340	\$ 1,330,498	\$ 1,341,779	\$ 85,059
<i>North Idaho College</i>				
Assets				
Cash in bank and investments	\$ 62,283	\$ 14,670,032	\$ 14,641,750	\$ 90,565
Receivables:				
Taxes delinquent	597,606	13,920,709	14,199,381	318,934
Total Assets	659,889	28,590,741	28,841,131	409,499
Liabilities				
Due to agency activity	659,889	43,003,691	43,254,081	409,499
Total Liabilities	\$ 659,889	\$ 43,003,691	\$ 43,254,081	\$ 409,499

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2013

	Agency Funds			
	Balance 10/1/12	Additions	Deletions	Balance 9/30/13
<i>Kootenai County Public Hospital</i>				
Assets				
Cash in bank and investments	\$ -	\$ 12,576	\$ 12,576	\$ -
Total Assets	-	12,576	12,576	-
Liabilities				
Due to agency activity	-	12,576	12,576	-
Total Liabilities	\$ -	\$ 12,576	\$ 12,576	\$ -
<i>Urban Renewal Districts</i>				
Assets				
Cash in bank and investments	\$ 43,995	\$ 11,058,589	\$ 11,079,262	\$ 23,322
Receivables:				
Taxes delinquent	1,248,113	10,721,644	11,105,035	864,722
Total Assets	1,292,108	21,780,233	22,184,297	888,044
Liabilities				
Due to agency activity	1,292,108	32,561,635	32,965,699	888,044
Total Liabilities	\$ 1,292,108	\$ 32,561,635	\$ 32,965,699	\$ 888,044
<i>Total Agency Activity</i>				
Total Assets	\$ 7,769,130			\$ 5,775,531
Total Liabilities	\$ 7,769,130			\$ 5,775,531
Private Purpose Trust Funds				
	Balance 10/1/12	Additions	Deletions	Balance 9/30/13
Assets				
Cash in bank and investments	\$ 4,404,887	\$ 177,860,601	\$ 179,073,289	\$ 3,192,199
Receivables:				
Taxes delinquent	34,700	121,881	34,188	122,393
Total Assets	4,439,587	\$ 177,982,482	\$ 179,107,477	\$ 3,314,592
Liabilities				
Accounts payable	14,192	3,296,735	3,273,453	37,474
Deferred property taxes	476,593	165,454,375	165,343,650	587,318
Due in more than one (1) year	20,208	31,756	10,847	41,117
Due to individuals	3,443,144	9,880,596	10,923,231	2,400,509
Due to other governments	404,196	2,701,448	2,934,766	170,878
Total Liabilities	\$ 4,358,333	\$ 181,364,910	\$ 182,485,947	\$ 3,237,296
Net Position End of Year	\$ 81,254			\$ 77,296

See accompanying Independent Auditors' Report

Statistical Section

Kootenai County Today Board of County Commissioners

The Kootenai County Board of Commissioners is the governing body of Kootenai County. Consisting of three elected officials, the Board serves as the taxing authority, the contracting body and the chief administrators of public funds. Among other duties, the Board enacts laws, ensures compliance of laws, and secures professional services for the county. One current Board project, scheduled for completion in 2014, is the construction of a new building on the main County campus.

Ancillary Services Building & Parking Lot Improvements

Project Rationale

The Kootenai County Facilities Master Plan, developed in 2012 by NAC Architecture, noted a finding of "No Facilities for Building and Grounds", as this department was housed off campus in a leased building. As a result of the recommendations of the Master Plan, in 2013, the Commissioners hired Architects West to design a new facility with the intent to consolidate this department on the downtown campus.

Initially, Architects West was hired to provide design services for a new building to accommodate the Building and Grounds Department. The structure was to sit in the northwest corner of the parking lot, and the project was to include upgrades to the entire parking lot north of Garden Avenue, as well as additional parking spaces in the area once occupied by the Prosecutor's Office. However, a geotechnical consultant determined that the existing parking lot was incapable of supporting a new building there without pursuing expensive foundational improvements. As a result, it was decided to investigate alternative building locations on the site.

Consequently, the structure is planned to be sited about halfway between Garden Avenue and Milwaukee Avenue, on the southwest corner of the property. This location was chosen because the existing site grades would allow a multiple story building, with the lower level accessible from Garden Avenue and the upper level accessible from the building's north side.

It was also decided to use the remaining space available in the lower level for the County's Reprographics Department, which frees up much-needed space within the current Administration Building. The Reprographics Department will occupy about 3,000 square feet in the lower level, and the remaining 2,240 square feet will be for general storage. The Building and Grounds Department above will contain approximately 1,500 square feet of office and staff support space, 1,000 square feet of cabinet shop space, and 2,675 square feet of maintenance bay space and covered storage space.

The parking facilities will be constructed in phases to minimize disturbances to the quantity of available stalls, but ultimately will increase the parking total to approximately 225 vehicles.

Although utilitarian in nature, the building's final location directly across the street from the courts buildings necessitate that it architecturally reflect the character of the County Administrative campus. Therefore, it is planned to be constructed using similar masonry and other materials and colors so as to be a cohesive part of the entire County complex. Architects West and Landmark Landscape Architects will complete construction documents before the end of the 2013 with construction bidding anticipated in February and construction completed by August of 2014.



STATISTICAL SECTION

This part of Kootenai County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS **Page**

Financial Trends 112

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 119

These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.

Debt Capacity 127

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information. 129

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 132

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

KOOTENAI COUNTY, IDAHO
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 32,657	\$ 35,833	\$ 44,717	\$ 47,604	\$ 46,749	\$ 49,558	\$ 50,237	\$ 51,342	\$ 54,424	\$ 53,954
Restricted	4,475	13,407	7,398	1,562	3,256	4,083	6,739	3,587	4,178	5,120
Unrestricted	10,650	14,879	18,788	22,769	22,242	24,149	24,431	27,311	28,196	29,856
Total governmental activities net position	\$ 47,782	\$ 64,119	\$ 70,903	\$ 71,935	\$ 72,247	\$ 77,790	\$ 81,407	\$ 82,240	\$ 86,798	\$ 88,930
Business-type activities										
Invested in capital assets, net of related debt	\$ 1,883	\$ 3,350	\$ 3,134	\$ 13,296	\$ 22,970	\$ 28,681	\$ 28,905	\$ 26,800	\$ 25,796	\$ 28,810
Restricted	3,938	3,707	15,955	15,772	8,826	6,445	8,549	1,800	8,775	5,589
Unrestricted	20,702	22,821	13,924	7,820	9,076	6,962	6,399	16,137	12,079	14,854
Total business-type activities net position	\$ 26,523	\$ 29,878	\$ 33,013	\$ 36,888	\$ 40,872	\$ 42,088	\$ 43,853	\$ 44,737	\$ 46,650	\$ 49,253
Primary government										
Invested in capital assets, net of related debt	\$ 34,540	\$ 39,183	\$ 47,851	\$ 60,900	\$ 69,715	\$ 78,239	\$ 79,142	\$ 78,142	\$ 80,220	\$ 82,763
Restricted	8,413	17,114	23,353	17,334	12,082	10,528	15,288	5,387	12,953	10,988
Unrestricted	31,352	37,700	32,712	30,589	31,322	31,111	30,830	43,448	40,275	44,432
Total primary government net position	\$ 74,305	\$ 93,997	\$ 103,916	\$ 108,823	\$ 113,119	\$ 119,878	\$ 125,260	\$ 126,977	\$ 133,448	\$ 138,183

KOOTENAI COUNTY, IDAHO
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 22,805	\$ 22,099	\$ 24,302	\$ 25,878	\$ 23,408	\$ 22,982	\$ 21,652	\$ 22,126	\$ 23,479	\$ 23,043
Public works	1,759	2,015	2,246	2,292	2,459	2,465	2,032	2,131	1,947	3,204
Public safety	18,421	21,565	23,289	26,488	30,030	30,454	31,144	34,056	33,654	36,439
Sanitation weed control	297	333	538	577	324	787	446	429	301	342
Health and welfare	2,614	2,940	2,912	2,660	3,312	2,966	4,929	4,020	4,549	3,808
Culture and recreation	959	966	1,100	1,085	844	944	796	950	818	727
Capital projects	64	73	9	47	38	-	-	-	-	-
Interest on long-term debt	640	519	169	55	37	32	30	-	-	-
Total governmental activities expenses	47,559	50,510	54,565	59,082	60,452	60,630	61,029	63,712	64,748	67,563
Business-type activities:										
Solid waste and landfill	6,509	5,898	7,377	7,379	7,922	8,901	8,779	9,439	9,038	8,396
Total business-type activities expenses	6,509	5,898	7,377	7,379	7,922	8,901	8,779	9,439	9,038	8,396
Total primary government expenses	\$ 54,068	\$ 56,408	\$ 61,942	\$ 66,461	\$ 68,374	\$ 69,531	\$ 69,808	\$ 73,151	\$ 73,786	\$ 75,959
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 9,481	\$ 11,154	\$ 12,247	\$ 12,679	\$ 7,526	\$ 6,976	\$ 6,790	\$ 6,747	\$ 7,426	\$ 8,164
Public safety	7,946	8,495	9,897	10,491	8,998	9,202	9,710	10,371	10,774	568
Culture and recreation	518	536	476	656	429	484	411	451	469	12,012
Other activities	57	62	59	65	46	65	56	70	108	622
Operating grants and contributions	2,987	2,483	1,842	2,842	3,639	3,067	2,286	2,012	2,819	2,602
Capital grants and contributions	1,829	3,615	4,996	1,144	898	3,650	2,089	2,414	3,848	2,224
Total governmental activities program revenues	22,818	26,345	29,517	27,877	21,536	23,444	21,342	22,065	25,444	26,192
Business-type activities:										
Charges for services:										
Solid waste and landfill	8,363	9,034	9,801	10,300	11,195	9,947	10,594	10,597	10,722	10,962
Operating grants and contributions	7	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	170	-
Total business-type activities program revenues	8,370	9,034	9,801	10,300	11,195	9,947	10,594	10,597	10,892	10,962
Total primary government program revenues	\$ 31,188	\$ 35,379	\$ 39,318	\$ 38,177	\$ 32,731	\$ 33,391	\$ 31,936	\$ 32,662	\$ 36,336	\$ 37,154

KOOTENAI COUNTY, IDAHO
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (24,741)	\$ (24,165)	\$ (25,048)	\$ (31,205)	\$ (38,915)	\$ (37,184)	\$ (39,687)	\$ (41,647)	\$ (39,304)	\$ (41,371)
Business-type activities	1,861	3,136	2,424	2,921	3,273	1,046	1,815	1,158	1,854	2,566
Total primary government net (expense)/revenue	\$ (22,880)	\$ (21,029)	\$ (22,624)	\$ (28,284)	\$ (35,642)	\$ (36,138)	\$ (37,872)	\$ (40,489)	\$ (37,450)	\$ (38,805)
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 27,675	\$ 28,541	\$ 26,922	\$ 28,408	\$ 35,421	\$ 38,203	\$ 41,574	\$ 40,537	\$ 42,015	\$ 42,290
Sales and use taxes	4,664	10,119	1,879	-	-	-	-	-	-	-
Miscellaneous	1,150	965	1,037	1,392	1,620	3,545	784	927	927	425
Interest and investment earnings	335	756	1,475	1,917	1,747	499	434	240	401	416
Gain (Loss) on sale of assets/property	-	-	-	-	(116)	(40)	(10)	(41)	(6)	(236)
Transfers	(712)	519	519	519	556	521	521	816	526	608
Total governmental activities	33,112	40,900	31,832	32,236	39,228	42,728	43,303	42,479	43,863	43,503
Business-type activities:										
Interest and investment earnings	381	587	1,160	1,427	1,073	369	193	95	234	319
Miscellaneous	124	70	70	45	143	120	263	431	346	277
Gain (Loss) on sale of assets/property	-	77	(1)	-	50	59	15	17	4	50
Transfers	(482)	(519)	(519)	(519)	(556)	(377)	(521)	(816)	(526)	(608)
Total business-type activities	23	215	710	953	710	171	(50)	(273)	58	38
Total primary government	\$ 33,135	\$ 41,115	\$ 32,542	\$ 33,189	\$ 39,938	\$ 42,899	\$ 43,253	\$ 42,206	\$ 43,921	\$ 43,541
Change in Net Position										
Governmental activities	\$ 8,371	\$ 16,735	\$ 6,784	\$ 1,031	\$ 313	\$ 5,544	\$ 3,616	\$ 832	\$ 4,559	2,132
Business-type activities	1,884	3,351	3,134	3,874	3,983	1,217	1,765	885	1,912	2,604
Total primary government	\$ 10,255	\$ 20,086	\$ 9,918	\$ 4,905	\$ 4,296	\$ 6,761	\$ 5,381	\$ 1,717	\$ 6,471	\$ 4,736

KOOTENAI COUNTY, IDAHO
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Resort Sales Tax ¹	Total
2004	\$ 27,667	4,664	\$ 32,331
2005	28,540	10,119	38,659
2006	26,922	1,878	28,800
2007	28,408	-	28,408
2008	35,421	-	35,421
2009	38,203	-	38,203
2010	41,574	-	41,574
2011	40,537	-	40,537
2012	42,015	-	42,015
2013	42,290	-	42,290

¹ Kootenai County's Resort Sales Tax has been through many status changes. In fiscal year 2001, County voters approved a sales tax ordinance increasing the sales tax by one-half cent. In fiscal year 2002, State Court orders required decommissioning of the voter-approved tax. Fiscal year 2004 brought the approval of new legislation and the voter-approved resort sales tax was reinstated. Debt service obligations for the jail expansion were satisfied in fiscal year 2006, and the sales tax collection was ended.

KOOTENAI COUNTY, IDAHO
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010 ^a	2011 ^b	2012	2013
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18	\$ 12	\$ 274
Restricted	-	-	-	-	-	-	-	1,087	1,623	3,083
Committed	-	-	-	-	-	-	-	7,079	7,119	15,813
Assigned	-	-	-	-	-	-	-	-	526	555
Unassigned	-	-	-	-	-	-	-	20,150	21,335	13,223
Reserved	237	1,666	2,382	3,576	3,136	4,011	5,262	-	-	-
Unreserved	9,855	13,833	18,443	20,207	21,549	21,759	22,687	-	-	-
Total general fund	\$ 10,092	\$ 15,499	\$ 20,825	\$ 23,783	\$ 24,685	\$ 25,770	\$ 27,949	\$ 28,334	\$ 30,615	\$ 32,948
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 27	\$ 4
Restricted	-	-	-	-	-	-	-	2,499	2,555	2,037
Committed	-	-	-	-	-	-	-	1,322	880	1,487
Assigned	-	-	-	-	-	-	-	-	-	106
Reserved	4,239	11,741	4,083	62	120	72	1,476	-	-	-
Unreserved, reported in:										
Special revenue funds	1,002	1,239	1,504	2,954	2,716	3,318	2,290	-	-	-
Capital projects funds)	(208)	(193)	(226)	(224)	(261)	-	-	-	-	-
Jail tax payment fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,033	\$ 12,787	\$ 5,361	\$ 2,792	\$ 2,575	\$ 3,390	\$ 3,766	\$ 3,822	\$ 3,462	\$ 3,634

Notes:
^a Years prior to and including 2010 use the old fund balance classifications prior to GASB 54. These classifications include Reserved and Unreserved.
^b In 2011, the fund balance classifications have been changed to reflect the implementation of GASB 54. These classifications include Nonspendable, Restricted, Committed, Assigned, and Unassigned.

KOOTENAI COUNTY, IDAHO
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 32,335	\$ 38,659	\$ 28,786	\$ 28,307	\$ 35,484	\$ 37,615	\$ 41,267	\$ 41,169	\$ 42,406	\$ 42,644
Licenses and permits	1,323	1,413	1,376	1,433	1,489	1,432	1,398	1,443	1,490	1,468
Intergovernmental	10,916	12,693	14,420	11,485	11,265	13,889	12,121	12,128	14,545	13,555
Interest	335	756	1,475	1,917	1,747	500	433	240	401	416
Fines and forfeitures	989	1,000	1,057	1,297	1,305	1,356	1,364	1,276	1,278	2,284
Charges for services	9,590	7,112	8,247	8,384	7,360	6,826	6,591	6,533	7,377	7,221
Miscellaneous	935	965	1,037	2,026	1,638	3,527	1,302	1,600	1,659	1,702
Total revenues	56,423	62,598	56,398	54,849	60,288	65,145	64,476	64,389	69,156	69,290
Expenditures										
General government	21,878	19,528	21,410	22,511	22,620	22,233	21,244	21,283	21,958	22,012
Public works	586	612	642	680	711	746	754	737	725	810
Public safety	17,115	18,877	20,414	22,391	29,073	29,115	29,676	32,096	32,117	33,762
Sanitation weed control	291	283	490	550	293	778	445	418	290	289
Health & welfare	2,609	2,713	2,665	2,598	3,305	2,979	4,927	4,021	4,539	3,807
Culture and recreation	880	793	914	893	715	737	678	759	643	625
Capital projects	64	73	9	47	9	-	-	-	-	-
Debt Service:										
Principal retirement	1,700	1,747	5,592	596	84	85	87	508	-	-
Interest expense	588	480	160	59	37	32	30	23	-	-
Capital Outlay:										
Capital expenditures	943	926	2,047	3,688	2,254	2,938	2,836	2,760	2,618	3,461
Construction in progress	2,563	4,337	4,681	975	1,068	4,141	1,790	2,202	4,893	2,652
Total expenditures	49,217	50,369	59,024	54,988	60,169	63,784	62,467	64,807	67,783	67,418
Excess of revenues over (under) expenditures	7,206	12,229	(2,626)	(139)	119	1,361	2,009	(418)	1,373	1,872
Other financing sources (uses)										
Proceeds capital leases	48	-	-	-	-	-	-	-	-	-
Proceeds on asset disposal	224	-	-	-	-	-	-	-	-	-
Proceeds insurance	8	13	7	9	9	18	25	42	23	27
Transfers in	4,954	4,930	11,433	9,837	5,114	5,472	3,876	1,885	2,992	1,299
Transfers out	(5,666)	(4,410)	(10,914)	(9,318)	(4,557)	(4,951)	(3,355)	(1,069)	(2,466)	(691)
Total other financing sources (uses)	(432)	533	526	528	566	539	546	858	549	635
Net change in fund balances	\$ 6,774	\$ 12,762	\$ (2,100)	\$ 389	\$ 685	\$ 1,900	\$ 2,555	\$ 440	\$ 1,922	\$ 2,504
Debt service as a percentage of non-capital expenditures	5.3%	5.2%	12.4%	1.3%	0.2%	0.2%	0.2%	0.9%	0.0%	0.0%

KOOTENAI COUNTY, IDAHO
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Resort Sales Tax ¹	Total
2004	\$ 27,675	\$ 4,664	\$ 32,339
2005	28,540	10,119	38,659
2006	26,922	1,878	28,800
2007	28,408	-	28,408
2008	35,484	-	35,484
2009	37,614	-	37,614
2010	41,267	-	41,267
2011	41,169	-	41,169
2012	42,406	-	42,406
2013	42,644	-	42,644

¹ Kootenai County's Resort Sales Tax has been through many status changes. In fiscal year 2001, County voters approved a sales tax ordinance increasing the sales tax by one-half cent. In fiscal year 2002, State Court orders required decommissioning of the voter-approved tax. Fiscal year 2004 brought the approval of new legislation and the voter-approved resort sales tax was reinstated. Debt service obligations for the jail expansion were satisfied in fiscal year 2006, and the sales tax collection was ended.

KOOTENAI COUNTY, IDAHO
Assessed Valuation and Tax Rates
Last Ten Property Tax Years

Property Tax Year	Assessed Valuation	Homeowner's Exemptions	Net Taxable Value	Valuation Increase (Decrease)		Tax Rate per \$1,000 Value ⁽¹⁾
				Amount	Percentage	
2003	\$ 7,994,404,661	\$ 1,168,732,560	\$ 6,825,672,101	\$ 382,959,959	5.94%	3.65
2004	8,801,547,283	1,269,400,159	7,532,147,124	706,475,023	10.35%	3.48
2005	11,495,796,480	1,439,915,557	10,055,880,923	2,606,277,061	34.99%	2.47
2006	17,151,610,098	2,434,056,230	14,717,553,868	4,661,672,945	46.36%	1.84
2007	19,622,039,622	2,907,974,690	16,714,064,932	1,996,511,064	13.57%	1.96
2008	18,493,390,148	3,115,620,726	15,388,869,422	(1,336,295,510)	-8.00%	2.21
2009	17,827,693,186	3,038,098,804	14,789,594,382	(588,175,040)	-3.82%	2.52
2010	15,850,875,155	2,864,229,504	12,986,645,651	(1,802,948,731)	-12.19%	2.94
2011	14,849,948,100	2,692,289,417	12,157,658,683	(828,986,968)	-6.38%	3.20
2012	13,734,843,490	2,459,392,651	11,275,450,839	(882,207,844)	-7.26%	3.48

¹ Tax Rate per \$1,000 Value includes the Kootenai EMS levy. The EMS levy is a legally separate taxing district, but is part of the County budget approved by the Board of County Commissioners. Included for informational purposes.

Notes:

Values based on 2012 December values certified by the State of Idaho.

Property tax year lags one (1) year behind Fiscal Year.

KOOTENAI COUNTY, IDAHO
Property Tax Rates - Direct and Overlapping Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Direct Rates										
Current Expense	1.01	0.87	0.52	0.51	0.56	0.65	0.75	0.76	0.87	0.97
Liability Insurance	0.09	0.06	0.04	0.03	0.03	0.04	0.04	0.05	0.01	0.07
Airport Fund	0.07	0.05	0.04	0.03	0.02	0.03	0.03	0.03	0.03	0.01
Indigent Fund	0.17	0.14	0.09	0.09	0.09	0.10	0.12	0.24	0.24	0.18
District Court Fund	0.03	0.05	0.06	0.05	0.05	0.05	0.05	0.04	0.04	0.08
County Fair	0.01	0.01	0.01	0.00	0.01	0.01	0.01	0.00	0.00	0.01
Health District Fund	0.07	0.05	0.04	0.04	0.04	0.04	0.05	0.05	0.06	0.06
Noxious Weed Control	0.03	0.03	0.02	0.02	0.02	0.01	0.02	0.02	0.03	0.02
Parks Fund	0.02	0.02	0.01	0.01	0.02	0.01	0.02	0.01	0.02	0.02
Revaluation Fund	0.25	0.19	0.14	0.11	0.13	0.14	0.16	0.17	0.20	0.13
Justice Fund	1.89	1.48	1.15	1.07	1.24	1.44	1.69	1.82	1.98	1.96
Property Tax Relief	(0.16)	(0.49)	(0.28)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
County Direct Rate	3.48	2.46	1.84	1.96	2.21	2.52	2.94	3.19	3.48	3.51
City Rates										
Athol	3.60	3.07	2.50	2.09	2.40	2.77	2.96	3.51	3.57	3.23
Coeur d'Alene	5.56	5.10	4.21	3.99	4.51	4.92	5.76	6.28	6.77	6.74
Dalton Gardens	0.52	0.43	0.31	0.30	3.53	0.44	0.53	0.54	0.60	0.56
Fernan	1.39	1.11	0.90	0.82	1.00	1.20	1.34	1.37	1.51	1.42
Harrison	3.77	3.26	2.17	1.65	1.77	2.09	2.78	2.95	3.66	3.66
Hauser Lake	0.58	0.48	0.34	0.33	0.34	0.42	0.49	0.52	0.54	0.52
Hayden	1.09	0.93	0.76	0.72	0.82	0.95	1.11	1.23	1.36	1.35
Hayden Lake	0.71	0.57	0.40	0.36	0.39	0.47	0.60	0.64	0.72	0.75
Huetter	6.17	5.34	4.45	3.21	3.36	3.56	4.90	5.42	5.71	5.63
Post Falls	5.35	4.64	4.05	3.87	4.56	4.96	5.21	5.71	6.00	5.79
Rathdrum	4.20	3.84	3.54	3.43	3.68	4.03	4.71	5.04	5.83	5.83
Spirit Lake	5.16	4.73	3.46	3.37	3.49	4.17	4.93	5.70	6.70	6.93
Worley	2.90	2.41	1.81	1.95	2.47	3.11	3.06	4.07	4.61	4.71
School District Rates^a										
Coeur d'Alene # 271	6.29	5.23	1.12	1.14	1.17	1.11	1.50	2.17	2.32	2.51
Lakeland Joint #272	5.92	4.76	1.60	1.33	1.85	2.10	3.58	3.78	3.56	3.41
Post Falls # 273	6.28	5.61	2.23	2.08	2.29	2.36	2.58	2.83	3.15	3.16
Kootenai # 274	5.51	5.03	1.40	1.11	1.09	0.99	1.16	1.82	1.73	2.79
Kellogg Joint #391	8.61	7.48	4.45	3.64	5.08	6.12	6.17	6.62	6.26	6.26
Plummer-Worley Joint #44	3.36	2.67	0.04	0.05	0.06	0.06	1.44 ^(b)	1.43	1.49	2.74
Highway District Rates										
Post Falls # 1	0.57	0.47	0.36	0.31	0.31	0.38	0.45	0.49	0.68	0.69
Lakes # 2	0.78	0.59	0.45	0.42	0.47	0.55	0.67	0.72	0.79	0.80
Eastside # 3	0.61	0.48	0.33	0.52	0.56	0.40	0.49	0.56	0.64	0.68
Worley # 4	1.19	0.95	0.67	0.62	0.68	0.75	0.87	1.00	1.18	1.28

continued

KOOTENAI COUNTY, IDAHO
Property Tax Rates - Direct and Overlapping Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	Fiscal Year									
	2004 ^(a)	2005 ^(a)	2006	2007	2008	2009	2010	2011	2012	2013
<i>(continued)</i>										
Fire District Rates										
Eastside	1.22	0.85	0.60	0.56	0.50	0.53	0.62	0.73	0.84	0.91
Hauser Lake	1.22	0.98	0.74	0.72	0.77	0.96	1.21	1.32	1.47	1.42
Northern Lakes	1.18	0.95	0.75	0.71	0.81	0.96	1.18	1.31	1.46	1.48
KC Fire & Rescue	2.06	1.72	1.34	1.27	1.40	1.66	1.86	1.99	1.98	2.01
Mica Kidd Island	0.72	0.55	0.34	0.33	0.36	0.40	0.48	0.56	0.64	0.68
Shoshone County #2	2.39	2.07	1.43	1.20	1.19	1.38	1.57	1.77	1.90	2.01
Spirit Lake	1.18	0.97	0.74	0.72	0.73	0.80	0.95	1.04	1.21	1.22
St. Maries	0.99	0.95	0.80	0.77	0.68	0.75	0.81	0.82	0.97	1.00
Timberlake	1.38	1.09	0.81	0.68	0.82	0.91	1.13	1.21	1.34	1.38
Worley	0.92	0.77	0.52	0.48	0.68	0.57	0.66	0.76	0.95	1.04
Water/Sewer District Rates										
Cataldo Water	0.69	0.58	0.44	0.38	0.37	0.42	0.44	0.48	0.53	0.54
Cleland Bay Sewer	0.48	0.43	0.24	0.23	0.25	0.26	0.29	0.31	0.40	0.43
Hayden Lake Sewer	0.07	0.05	0.03	0.03	0.03	0.04	0.05	0.05	0.06	0.06
Kidd Island Bay Sewer	0.56	0.40	0.35	0.33	0.34	0.36	0.43	0.50	0.71	0.71
Kingston-Cataldo Sewer	0.79	0.66	0.51	0.46	0.48	0.52	0.52	0.58	0.67	0.69
Kootenai Water #1	1.69	1.35	0.78	0.72	0.95	1.19	1.18	1.53	1.81	2.01
Other Special District Rates										
Kootenai										
Consolidated Library	0.29	0.23	0.17	0.16	0.17	0.20	0.31	0.36	0.41	0.42
KCEMSS	0.16	0.14	0.10	0.10	0.10	0.13	0.15	0.16	0.17	0.18
North Idaho College	0.74	0.71	0.53	0.51	0.73	0.83	1.00	1.10	1.22	1.20
Flood Control #17	0.67	0.53	0.35	0.30	0.32	0.37	0.41	0.45	0.45	0.40

Notes:

- All Urban Renewal Districts have been omitted from this schedule.

^(a) The Idaho Legislature removed the Maintenance and Operation (M & O) portion of the school district budget from property tax funding. It was the largest portion of the budget and would account for the difference in the property tax rate from 2005 to 2006.

^(b) In 2010, the Idaho State Board of Education approved School District 44J's application for State financial support of plant and facilities. Payment for the financial support is generated through a property tax levy, which created an increase to the direct rate paid by taxpayers in Plummer/Worley School District 44J.

**KOOTENAI COUNTY, IDAHO
Property Tax Rates - Direct and All Overlapping Governments
Last Ten Fiscal Years**

Cumulative levy totals for all agencies within each classification

Tax Year	County	Cities	Highways	Schools	Fire Districts	Water and Sewer Districts	Other Districts
2004	0.003482997	0.041000599	0.003139852	0.035959945	0.013253901	0.004276786	0.125660890
2005	0.002468453	0.035916892	0.002483670	0.030773805	0.010888023	0.003468993	0.105681388
2006	0.001836328	0.028896246	0.001823091	0.010851518	0.008088675	0.002360059	0.104021824
2007	0.001963862	0.026121947	0.001872223	0.009360749	0.007444778	0.002150385	0.120104954
2008	0.002208093	0.029136659	0.002024165	0.011535480	0.008002726	0.002419455	0.092794634
2009	0.002517338	0.033080036	0.002075446	0.012734394	0.008922918	0.002783615	0.117614258
2010	0.002940391	0.038373823	0.002481024	0.016415676	0.010491113	0.002921322	0.137520768
2011	0.003195029	0.043042145	0.002783659	0.018686644	0.011562790	0.003485345	0.138552530
2012	0.003478006	0.047635446	0.003310129	0.018549900	0.012811468	0.004212173	0.145968269
2013	0.003507607	0.047135525	0.003444384	0.020873900	0.013137037	0.004437574	0.145870150

Tax Year 2013	Cities	Highways	Schools	Fire	Water & Sewer	Other
Number of taxing districts	13	4	6	10	6	15
Average tax rate per district	0.003625810	0.000861096	0.003478983	0.001313704	0.000739596	0.009724677
Minimum levy rate	0.026121947	0.001823091	0.009360749	0.007444778	0.002150385	0.092794634
Maximum levy rate	0.047635446	0.003444384	0.035959945	0.013253901	0.004437574	0.145968269

Notes:

Tax rates are expressed per dollar of market value.

Other Districts include Libraries, North Idaho College, Kootenai Hospital, Kootenai EMS, Flood Control, and URDs.

The number of URDs may change from year to year.

No single taxpayer in Kootenai County is subject to all tax levies.

2013 Levy rates as of 9/30/13.

KOOTENAI COUNTY, IDAHO
Principal Property Taxpayers, Current Year and Ten Years Ago
September 30, 2013

Taxpayer	FY 2013 ¹		Percentage of Net Taxes Due	FY 2004		Percentage of Net Taxes Due
	Net Taxes Due	Rank		Net Taxes Due	Rank	
Avista Corporation	\$ 2,296,246	1	5.89%	\$ 446,955	1	1.79%
Rathdrum Power, LLC	1,398,552	3	3.59%	444,009	2	1.78%
Hagadone Hospitality Co., Hagadone Family Trust	1,409,674	2	3.62%	251,758	4	1.01%
Frontier Communications NW (formerly Verizon)	571,005	4	1.47%	351,844	3	1.41%
Wal-Mart Real Estate Business Trust, Wal-Mart Stores Inc.	590,961	5	1.52%	-	-	-
Idaho Forest Group, LLC	541,903	6	1.39%	-	-	-
Gas Transmission Northwest Co.	509,449	7	1.31%	-	-	-
Post Falls Retirement Real Estate Investors LLC	532,994	8	1.37%	-	-	-
Kimball International Market Inc., Kimball Furniture Group Inc.	445,871	9	1.14%	121,371	7	0.49%
DBH Properties LP	307,946	10	0.79%	-	-	-
N Idaho Surgical Hospital Bldg LLC	302,792	11	0.78%	-	-	-
Silverwood Inc.	316,027	12	0.81%	-	-	-
CDA Courthouse LLC c/o JDL Enterprises LLC	304,018	13	0.78%	-	-	-
Time Warner Cable Pacific West LLC	295,059	14	0.76%	-	-	-
Glacier 400 Wilbur LLC, Glacier 600 LLC, Glacier 700 LLC	376,308	15	0.97%	-	-	-
Stephen F Meyer, ETUX	-	-	-	212,156	5	0.85%
PG & E Gas Transmission, NW	-	-	-	168,923	6	0.68%
Burlington No & Santa Fe RR	-	-	-	115,947	8	0.46%
Stimson Lumber Company	-	-	-	104,734	9	0.42%
Price Development Company LPT	-	-	-	90,717	10	0.36%
The Club at Black Rock LLC, Black Rock Development Inc.	-	-	-	75,873	11	0.30%
Kootenai Cable, Inc.	-	-	-	66,735	12	0.27%
Norton Aero LTD	-	-	-	56,757	13	0.23%
Inland Empire Paper Company	-	-	-	56,275	14	0.23%
Harlan D. Douglass, Etux	-	-	-	44,935	15	0.18%
Sub Total	10,198,804		26.18%	2,608,989		10.45%
All Other Taxpayers	28,756,867		73.82%	22,352,663		89.55%
Total Net Taxes Due to Kootenai County	\$ 38,955,671		100.00%	\$ 24,961,652		100.00%

For the historical data, an overall County average property tax percentage was applied.

Notes:

¹ Based on 2012 Net Taxes billed in FY 2013.

KOOTENAI COUNTY, IDAHO
County Property Tax Levy and Collections
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$24,961,652	\$23,500,153	94.15%	\$1,299,037	\$24,799,190	99.35%
2005	26,229,791	25,576,366	97.51%	628,999	26,205,365	99.91%
2006	26,196,048	25,549,355	97.53%	528,535	26,077,890	99.55%
2007	28,253,969	27,301,289	96.63%	952,680	28,253,969	100.00%
2008	33,073,659	31,508,794	95.27%	1,011,117	32,519,911	98.33%
2009	35,315,162	34,007,744	96.30%	1,452,682	35,315,162	100.00%
2010	38,012,979	37,660,552	99.07%	895,284	38,012,979	100.00%
2011	38,522,997	38,101,479	98.91%	816,219	38,522,997	100.00%
2012	40,495,220	39,328,484	97.12%	178,576	39,507,060	97.56%
2013	38,955,671	38,235,796	98.15%	123,874	38,359,670	98.47%

KOOTENAI COUNTY, IDAHO
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts in thousands of dollars)

Fiscal Year Ended September 30,	Real Property	Personal Property	Operating Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate <small>(per \$1,000 of assessed value)</small>
2004	\$ 8,707,566	\$ 351,025	\$ 427,830	\$ 1,129,531	\$ 8,356,890	3.48
2005	11,578,807	413,118	430,171	1,147,009	11,275,087	2.47
2006	13,728,036	258,389	451,986	1,746,046	12,692,365	1.84
2007	16,120,068	406,921	453,036	2,152,291	14,827,734	1.96
2008	17,435,538	335,170	483,733	2,282,470	15,961,971	2.21
2009	15,960,248	453,011	481,025	2,181,798	14,712,487	2.52
2010	13,994,225	407,616	478,545	1,998,707	12,881,679	2.94
2011	13,010,643	338,341	448,973	1,785,737	12,012,220	3.19
2012	12,153,910	382,298	440,487	1,793,655	11,183,040	3.48
2013	12,433,334	350,489	452,752	1,861,665	11,374,910	3.51

Notes:

Operating property values are wholly assigned by the Idaho State Tax Commission.

Property in Kootenai County is revalued on a rotating schedule that affects every property once in five (5) years.

Source: Kootenai County abstracts produced by the Kootenai County Assessor's Office.

KOOTENAI COUNTY, IDAHO
Schedule of Foregone Amounts
as of the 2012 Tax Year

<u>District</u>	<u>Foregone Amount</u>
Kootenai County	\$ 6,364,367
City of Athol	18,450
City of Coeur d'Alene	3,184,919
City of Dalton Gardens	2,911
City of Fernan Lake	10,333
City of Harrison	4,498
City of Hauser Lake	1,983
City of Hayden	2,466
City of Hayden Lake	3,996
City of Huetter	3,531
City of Post Falls	1,898,047
City of Rathdrum	240,189
City of Spirit Lake	17,925
KC Emergency Medical Services System	117,711
East Side Fire	118,136
Hauser Lake Fire	173
Kootenai County Fire & Rescue	988,870
Mica Kidd Island Fire	4,073
St. Maries Fire	704
Twin Lakes-Rathdrum Flood Control #17	21,010
Lakes Highway # 2	927,223
Post Falls Highway # 1	378,849
Worley Highway # 4	24,685
Kootenai Hospital	61,391
North Idaho College	926,565
Cataldo Water	588
Cleland Bay Sewer	9
Hayden Lake Rec Water/Sewer	12,256
Kidd Island Bay Sewer	466

Note: Foregone is defined as the amount of a previously allowable increase in the non-exempt property tax portion of the budget that was not taken. This amount is available for the district to add to the regular budget increase calculation and can be levied in subsequent years.

KOOTENAI COUNTY, IDAHO
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2012

Assessed Valuations:	
Assessed Value	\$ 12,637,595,232
Add Back Homestead Exemptions	2,489,676,490
Total Assessed Value	\$ 15,127,271,722
Legal Debt Margin	
Debt Limitation*: 2% of assessed market value	\$ 302,545,434
Less: Debt applicable to limitation:	
Legal Debt Margin	\$ 302,545,434

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$159,888,093	\$176,030,946	\$229,904,550	\$343,032,202	\$392,440,792	\$400,239,734	\$349,275,816	\$323,594,507	\$296,253,149	\$302,545,434
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$159,888,093	\$176,030,946	\$229,904,550	\$343,032,202	\$392,440,792	\$400,239,734	\$349,275,816	\$323,594,507	\$296,253,149	\$302,545,434
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Idaho Code: 31-1901;50-1019

Kootenai County Board of County Commissioners may issue negotiable coupon bonds for purposes of satisfying outstanding indebtedness.

KOOTENAI COUNTY, IDAHO
Schedule of Direct and Overlapping Debt
September 30, 2013

Number of Issues	Jurisdiction	Net Debt Outstanding	Earliest Issue Date (Month/Year)	Oldest Maturity Date (Month/Year)	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Direct Debt						
0	Kootenai County	\$ -	N/A	N/A	N/A	\$ N/A
Direct Debt						
Overlapping Debt						
2	City of Coeur d'Alene	\$3,736,412	Aug/06	Sep/25	100.00%	\$3,736,412
8	City of Post Falls	9,054,376	Apr/93	Mar/27	100.00%	9,054,376
1	City of Rathdrum	358,487	Jan/88	Mar/11	100.00%	358,487
1	City of Spirit Lake	553,439	Aug/04	Feb/24	100.00%	553,439
2	Coeur d'Alene SD #271	27,310,000	Sep/12	Sep/25	100.00%	27,310,000
4	Lakeland SD #272	15,340,000	Dec/03	Aug/25	99.46%	15,257,164 ⁽⁵⁾
2	Post Falls SD #273	10,535,000	Feb/05	Aug/18	100.00%	10,535,000
1	Kootenai Joint SD #274	1,865,000	Nov/12	Aug/22	99.56%	1,856,794
2	Kellogg Joint SD #391	9,855,000	Oct/97	Sep/27	15.05%	1,483,178
1	Plummer Worley #44 ⁽²⁾	10,001,630	Sep/10	Sep/30	65.19%	6,520,062 ⁽³⁾
8	Lakes Highway District	150,000	Aug/10	Aug/20	100.00%	150,000
1	St. Maries Fire District	365,000	Feb/12	Sept/27	24.47%	89,316
1	Community Library Network	2,535,000	Oct/05	Aug/25	97.89%	2,481,512 ^{(4) (5)}
1	Bayview Water/Sewer District	963,921	Nov/03	Nov/22	N/A	N/A ^{(4) (5)}
2	Greensferry Water/Sewer District	56,844	Jun/13	Jun/18	N/A	N/A ^{(4) (5)}
1	Harbor View Estates Water & Sewer District	187,435	Aug/08	Aug/18	N/A	N/A ^{(4) (5)}
1	Hayden Lake Recreational Sewer District	1,835,000	Apr/10	Apr/25	100.00%	1,835,000
1	Kingston-Cataldo Sewer District	760,363	Apr/12	Aug/41	4.33%	32,924
1	North Kootenai Water District	6,890,000	Nov/09	Sep/29	100.00%	6,890,000
Subtotal, Overlapping Debt		<u>102,352,907</u>				<u>88,143,663</u>
Total Overlapping & Underlying Debt		<u>\$102,352,907</u>				<u>\$88,143,663</u>

Notes: All the above districts are individual taxing districts within Kootenai County.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kootenai County. This process recognizes that, when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- ⁽¹⁾ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the county's boundaries and dividing it by each unit's total taxable assessed value.
- ⁽²⁾ In 2010, the Idaho State Board of Education approved School District 44J's application for State financial support of plant & facilities. Payment for the financial support is generated through a property tax levy, which created an increase to the direct rate paid by taxpayers in Plummer/Worley School District 44J.
- ⁽³⁾ This number is approximate because actual Net Debt Outstanding was not available from the State Department of Education. It was calculated by taking the original amount borrowed of \$11,349,435 and subtracting the amount collected year to date.
- ⁽⁴⁾ Bayview Water and Sewer District, Greensferry Water and Sewer District and Harbor View Estates Water and Sewer District are non-levying districts therefore there's no ability to calculate overlapping debt.
- ⁽⁵⁾ Information based on 2012 report from districts, no 2013 report provided.

**KOOTENAI COUNTY, IDAHO
Demographic and Economic Statistics
Last Ten Fiscal Years**

Population				
Year	Kootenai County	Change from prior year	State of Idaho	Change from prior year
2004	122,350	4.0%	1,393,262	1.9%
2005	127,688	4.4%	1,429,096	2.6%
2006	131,507	3.0%	1,466,465	2.6%
2007	134,442	2.2%	1,499,402	2.2%
2008	137,457	2.3%	1,523,816	1.6%
2009	139,390	1.4%	1,545,801	1.4%
2010	138,494	-0.6%	1,567,582	1.4%
2011	141,132	1.9%	1,584,985	1.1%
2012	142,357	0.9%	1,595,590	0.7%
2013	N/A ¹	N/A	1,612,136 ¹	1.0%

Year	Per Capita Personal Income			Personal Income (thousands of dollars)	Annual Average Unemployment Rate ⁵
	Kootenai County	State of Idaho	Kootenai Co. as a % of State of Idaho		
2004	\$25,297	\$26,877	94.1%	\$3,097,537	5.5%
2005	27,449	28,301	97.0%	3,444,620	4.5%
2006	29,356	29,920	98.1%	3,832,000	3.8%
2007	30,719	31,804	96.6%	4,123,000	3.0%
2008	31,079	32,133	96.7%	4,273,000	4.8%
2009	31,265	31,662	98.7%	4,422,208	8.1%
2010	31,770	31,986	99.3%	4,428,438	10.8%
2011	32,923	33,326	98.8%	4,646,516	9.8%
2012	34,656	34,481	100.5%	4,933,536	8.4% ⁶
2013	N/A ²	N/A ²	N/A	N/A ²	7.4% ⁶

Year	School Enrollment ^{(a) 3}	Regular High School Diplomas ^{(a) 4}	Median Age	
			Year	Kootenai County / State of Idaho
2004	21,153	1,239	2003	36.8 / 33.8
2005	21,707	1,358	2004	37.0 / 34.2
2006	22,260	1,348	2005	36.9 / 34.6
2007	22,783	1,531	2006	37.1 / 34.2
2008	23,381	1,500	2007	37.3 / 34.3
2009	22,844	1,378	2008	38.3 / 34.3
2010	21,806	1,362	2009	38.1 / 34.0
2011	22,870	1,563	2010	39.1 / 34.7
2012	22,645	1,467	2011	39.0 / 35.0
2013	23,185	1,695	2012	39.4 / 35.2

Source for Data (except where noted): Idaho Department of Commerce and Labor

^(a) Idaho Department of Education

^(b) US Census Bureau

¹ Population estimates for the current year are not available at report date.

² Data is based on income tax information from the Internal Revenue Service and is not currently available.

³ School enrollment includes data from School Districts 44J, 271J, 274J, and 391J, which are joint districts and partially located in Kootenai County. It also includes all charter academies in the County, except for the Idaho Distance Education Academy Resource Center in Post Falls, ID.

⁴ Regular high school diplomas includes those from alternative high schools and charter academies.

⁵ Annual average is calculated as the sum of the unemployment rate each month of the calendar year divided by 12.

⁶ Preliminary estimate US Census Bureau.

**KOOTENAI COUNTY, IDAHO
Principal Employers
Current Year and Ten Years Ago**

Employer	2013			2004		
	Range of Employees	Rank	Percentage of Total County Employment	Range of Employees	Rank	Percentage of Total County Employment
Kootenai Health	2,000 - 2,999	1	3.67 - 5.50%	1,500 - 1,999	1	3.05 - 4.06%
Coeur d'Alene School District	1,000 - 1,499	2	1.83 - 2.75%	1,000 - 1,499	2	2.03 - 3.05%
Center Partners (CDA & Post Falls)	1,000 - 1,499	3	1.83 - 2.75%	900 - 999	3	1.83 - 2.03%
Hagadone Hospitality Co.	1,000 - 1,499	4	1.83 - 2.75%	800 - 899	4	1.63 - 1.82%
Coeur d'Alene Casino	900 - 999	5	1.65 - 1.83%	600 - 699	6	1.22 - 1.42%
North Idaho College	800 - 899	6	1.47 - 1.65%	800 - 899	5	1.63 - 1.82%
Wal-Mart	800 - 899	7	1.47 - 1.65%	-	-	-
Kootenai County	700 - 799	8	1.28 - 1.47%	600 - 699	7	1.22 - 1.42%
Post Falls School District	500 - 599	9	0.92 - 1.10%	600 - 699	8	1.22 - 1.42%
Silverwood Inc.	500 - 599	10	0.92 - 1.10%	600 - 699	9	1.22 - 1.42%
Epeolink	-	-	-	500 - 599	10	1.02 - 1.22%
Average employment size of the 10 largest employers	1,011			820		
Kootenai County Non-Farm Payroll Employment Total ¹	54,500 ²			49,200		

Source for Data: Idaho Department of Commerce and Labor

¹ Non-Farm Payroll Employment excludes Kootenai County residents who are self-employed and who work outside Kootenai County.

² Estimate

KOOTENAI COUNTY, IDAHO
Summary of Deposits
Domestic Financial Institutions
Operating in Kootenai County, Idaho
Last Ten Years
(amounts in millions of dollars)

Institution Type	Number of Branches	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<i>(1) Data as of June 30th</i>											
Commercial Banks	48	\$ 1,861	\$ 1,817	\$ 1,740	\$ 1,837	\$ 1,749	\$ 1,537	\$ 1,611	\$ 1,435	\$ 1,302	\$ 1,271
FDIC Savings Banks	-	-	-	-	-	63	76	83	137	170	142
Subtotal FDIC-Insured Institutions	48	1,861	1,817	1,740	1,837	1,812	1,613	1,694	1,572	1,472	1,413
<i>(2) Data as of December 31st</i>											
Credit Unions	1	9	9	9	8	9	8	8	9	9	10
Total	49	\$ 1,870	\$ 1,826	\$ 1,749	\$ 1,845	\$ 1,821	\$ 1,621	\$ 1,702	\$ 1,581	\$ 1,481	\$ 1,423

Kootenai County's total deposit market share for all FDIC-Insured institutions rank at 9.22% of the total deposits at like institutions within the State of Idaho.

(1) Source: Federal Deposit Insurance Corporation

(2) Source: National Credit Union Administration

KOOTENAI COUNTY, IDAHO
County Employees by Function
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General Government										
Assessor	64.0	63.0	65.0	65.5	66.5	66.5	66.5	66.0	66.0	61.0
Clerk	69.0	70.0	72.2	75.2	76.3	75.5	75.5	75.5	77.5	77.5
Commissioners	97.0	98.2	98.2	106.0	106.0	106.0	107.3	105.9	100.4	99.4
Prosecuting Attorney	35.1	37.1	37.1	35.6	36.6	36.5	35.5	35.5	36.5	38.5
Sheriff	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Treasurer	7.5	7.5	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Public Safety										
Clerk	13.0	13.0	21.0	30.4	30.4	31.0	34.0	34.0	34.0	35.0
Commissioners	63.6	67.9	68.6	67.8	70.0	76.9	77.1	78.1	69.1	64.6
Coroner	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.3	2.3	2.0
Sheriff ¹	133.9	132.4	142.4	148.4	148.4	155.3	154.3	156.4	163.4	162.7
Jail (Sheriff)	108.9	113.9	115.9	123.9	123.1	126.4	124.4	120.4	122.4	122.4
Culture and Recreation										
Commissioners	7.5	6.0	7.0	7.0	7.5	7.5	7.5	7.5	7.5	7.5
Public Works										
Commissioners	7.0	7.1	7.1	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Health and Welfare										
Clerk	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	7.0
Sanitation										
Commissioners	2.0	2.0	2.0	2.6	3.6	3.6	3.6	2.6	1.6	1.9
Solid Waste										
Commissioners	39.0	44.0	45.0	48.0	69.0	70.3	64.3	61.0	59.0	59.0
Total	660.0	674.6	701.5	738.0	765.0	783.1	777.6	770.8	766.3	757.0

Source: Kootenai County Adopted Budget documents

¹ Temporary Seasonal Deputies total approximately 8-10 per year.

KOOTENAI COUNTY, IDAHO
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	7,288	7,382	8,032	8,627	9,207	8,673	9,156	8,291	7,824	7,830
District Court Caseloads										
Felonies	928	1,003	981	930	1,925	1,836	2,028	1,957	920	1,101
Misdemeanors	8,492	7,540	8,770	12,672	12,308	11,801	11,195	10,217	7,077	7,226
Infractions	19,295	16,948	17,674	22,075	21,247	20,366	18,379	17,400	14,613	16,473
Refuse Collection										
Landfilled refuse ¹	136	138	140	138	130	123	123	122	123	128
Refuse collected ¹	168	182	195	191	183	157	150	144	142	153
Recyclables collected ¹	16	21	22	23	22	22	21	14	15	15
Parks and Waterways										
Improved facilities	24	24	24	24	24	24	24	24	24	24
Airport										
Hangars ²	72	74	82	90	93	93	95	95	95	95

Sources: Various County Departments

¹ Amounts shown in thousands of tons.

² Each year reflects the cumulative total of completed hangars located at the Coeur d'Alene Airport.

**KOOTENAI COUNTY, IDAHO
Building Permits and Construction Values
For The Last Ten Years**

Year	Residential		Commercial / Industrial	
	Permits	Value	Permits	Value
2004	498	\$ 114,339,369	40	\$ 7,251,883
2005	541	120,616,808	38	6,447,755
2006	404	98,374,385	52	9,904,072
2007	327	100,885,223	73	35,171,069
2008	217	70,192,691	46	20,580,311
2009	144	44,440,496	32	8,111,906
2010	145	42,458,717	23	7,672,725
2011	119	37,889,702	24	4,372,917
2012	136	37,992,115	21	6,066,286
2013	201	58,014,200	12	3,017,010

Notes:

- Values based on estimated replacement cost per square foot as determined by the International Building Code.



KOOTENAI COUNTY, IDAHO
Capital Asset Values by Function
Last Ten Fiscal Years
(amounts in thousands of dollars)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Land	\$ 1,931	\$ 1,931	\$ 1,931	\$ 2,327	\$ 2,336	\$ 3,023	\$ 3,023	\$ 3,232	\$ 3,232	\$ 3,232
Buildings	14,454	14,454	14,489	15,365	13,944	16,317	16,567	18,210	18,316	15,938
Improvements	3	33	42	41	60	60	60	61	240	1,417
Machinery and equipment	7,305	7,585	8,260	8,991	9,771	9,975	10,452	10,182	11,077	12,334
Public works:										
Land	1,819	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828
Buildings	502	562	562	562	562	562	562	562	562	562
Improvements	13,222	17,440	17,445	20,470	25,239	25,239	25,247	26,143	27,665	28,623
Machinery and equipment	1,660	1,707	1,748	1,752	1,817	1,840	2,011	2,210	2,183	2,349
Public safety:										
Land	65	65	107	107	107	107	107	107	107	108
Buildings	20,213	20,213	20,223	20,552	22,718	21,667	21,774	20,280	20,539	23,245
Improvements	13	22	37	44	51	51	51	99	5,008	3,921
Machinery and equipment	6,108	6,313	7,112	8,680	8,704	8,879	10,076	10,062	12,024	13,891
Sanitation:										
Land	1,275	1,275	1,275	1,294	1,294	1,294	1,658	1,658	1,782	1,747
Buildings	572	572	572	572	632	632	632	613	7,166	740
Improvements	19,826	20,435	20,644	20,911	20,911	34,147	34,233	39,755	33,747	40,289
Machinery and equipment	6,535	6,855	7,330	8,075	9,179	9,521	10,518	10,475	10,895	11,608
Health & welfare:										
Machinery and equipment	35	32	30	31	29	32	21	16	10	22
Culture and recreation:										
Land	249	249	249	249	249	249	249	249	249	249
Buildings	⁽¹⁾ 239	239	251	239	272	351	371	358	358	410
Improvements	585	591	611	1,201	1,201	1,201	1,201	1,206	1,858	3,159
Machinery and equipment	⁽¹⁾ 1,044	1,029	1,198	477	517	542	608	1,612	1,569	1,136
Capital projects:										
Construction in progress	3,684	3,157	7,641	5,789	11,872	9,484	12,205	9,168	6,027	9,046
Total Capital Assets	\$ 101,339	\$ 106,587	\$ 113,585	\$ 119,557	\$ 133,293	\$ 147,001	\$ 153,454	\$ 158,086	\$ 166,442	\$ 175,854

⁽¹⁾ In 2002 and 2003, \$108 from Machinery and Equipment and \$2,928 from Buildings belonging to North Idaho Fair and Rodeo were removed from Culture and Recreation.

In 2007, all Capital Assets belonging to the Marine Deputy cost center were moved from Culture and Recreation to Public Safety.

In 2007, all Capital Assets belonging to the County Auto Shop cost center were moved from General Government to Public Safety.

KOOTENAI COUNTY, IDAHO
Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Kootenai County Sheriff										
Sheriff Office	1	1	1	1	1	1	1	1	1	1
Patrol Units	58	58	58	58	56	58	62	71	76	78
Public Safety Buildings	3	3	3	3	3	3	3	3	3	3
Sanitation:										
Ramsey Transfer Station										
Trash Rolloff Bins	34	34	37	36	36	21	21	21	21	21
Loaders	3	3	3	3	5	3	4	4	4	4
Tractor Trucks	6	5	6	6	6	3	3	3	3	5
Transfer Trailers	20	21	25	31	34	25	29	26	26	26
Prairie Transfer Station										
Trash Rolloff Bins	-	-	-	-	-	15	15	15	15	15
Loaders	-	-	-	-	-	2	2	2	2	2
Tractor Trucks	-	-	-	-	-	3	3	3	3	3
Transfer Trailers	-	-	-	-	-	8	8	8	8	8
Fighting Creek Landfill										
Heavy Machinery & Equipment	8	9	9	13	17	18	20	23	24	24
Culture and Recreation:										
Waterways/ Park & Recreation										
Pumpouts	10	10	10	10	9	9	9	9	9	9
Vault Toilets										
Wood	7	7	7	7	7	7	7	7	7	7
Concrete	3	3	4	3	3	6	7	7	8	8

Sources: Various County Departments

SINGLE AUDIT SECTION

The Kootenai County Solid Waste Department is committed to providing our citizens with affordable and efficient waste disposal. The County owned and operated landfill is key to this goal.

In March 2012, the Solid Waste Department and the Kootenai Electric Cooperative opened and began operations of a Landfill Gas to Energy facility. This facility utilizes methane gas to generate and create electricity, which is then sold to the power company.

Last summer (2013), construction began on Phase 2 of the East Cell of the landfill. The purpose of the expansion is to double the size of the landfill footprint, in order to keep up with the amount of waste disposed of in Kootenai County.

In August 2013, we achieved interim closure of the original landfill and began placing waste in the East Cell. This is a significant milestone, marking the end of active placement of waste in the original landfill footprint (which has been active since 1993).

The Solid Waste Department has also been very active in discovering and creating alternative methods of handling leachate (a waste water component). Currently, there are no waste water facilities that will accept this material, meaning that it must be managed solely by our Solid Waste Department. Many hours of work, design, and experimentation have been put into the system being used at this time. It is our goal to effectively be able to process all leachate generated at the landfill each year on our site.

In 2012, the Solid Waste staff assisted a total of 554,947 customers between the Prairie, Ramsey, and three other staffed rural sites. Many other customers were served by the other eleven rural residential collection sites throughout the County.

The landfill received 123,854 tons of waste in 2012, which was an increase over the waste disposed the previous year.

To help to divert waste from the landfill, the Department promotes and/or administers a variety of recycling programs within the County. We made expanded the recycling programs to provide recycling opportunities to our rural collection sites to better serve our citizens. In 2012, the public recycling programs allowed for more than 19,792 tons of waste to be diverted from the landfill. The Department is constantly looking at ways to divert waste and extend the life of the landfill.



Landfill gas generator ~ March 2012

AUDITOR'S SECTION

Facilities Master Plan Looking Toward the Future

Project Rationale

From a broad and fundamental perspective, the Kootenai County Facilities Master Plan, developed in 2012 by NAC Architecture, is a roadmap to the future for facilities development. It attempts to address facility needs comprehensively-identifying a wide range of physical and operational problems, and suggesting a unifying context in which all problems are resolved. Ideally, this Master Plan builds a framework for facilities development, whether such development occurs in a compressed timeframe of incrementally over several years. If successful, this Master Plan will suggest logical facilities development for both small-scale and large-scale facilities development-and ensure that each component of development will coordinate successfully with future growth and development.

From a narrower and focused perspective, the County has found itself with numerous facility-related problems. Rather than addressing each of these problems in isolation, the County Commissioners determined that a master plan was appropriate to organize and coordinate its approach to the following emergent problems:

- A Problematic Juvenile Justice Facility
- A Deficient Public Defender Building
- A Make-Shift Court Hold Building
- No Facilities for Buildings and Grounds
- Assorted Main Administration Building Problems
- Inadequate Central Campus Parking
- Existing Courthouse and Justice Center
- A Statutory Requirement to Add Court Facilities

The Kootenai County Master Plan suggests solutions to the broad array of facility-related problems noted above. But, like all master plans, this Master Plan is intended to be an organic document that would be updated, formally reexamined, and adapted to changing circumstances over time. Ideally, this Master Plan would be updated every five to eight years and continue to evolve and provide development guidance in concert with Kootenai County growth and development needs.

continued

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of County Commissioners
Kootenai County
Coeur d'Alene, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kootenai County, Idaho (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 12, 2014. Other auditors audited the financial statements of the County's discretely presented component units - North Idaho Fair & Rodeo as of and for the year ended December 31, 2012 and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2013 - as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as Finding 2013-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Kootenai County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose..



CliftonLarsonAllen LLP

Spokane, Washington
March 12, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners
Kootenai County
Coeur d'Alene, Idaho

Report on Compliance for Each Major Federal Program

We have audited Kootenai County, Idaho's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Kootenai County, Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington

March 12, 2014

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2013

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS:

Type of auditors’ report issued:

Governmental activities	Unmodified
Business-type activities	Unmodified
Major governmental funds	Unmodified
Aggregate discretely presented component units	Unmodified
Aggregate remaining funds	Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified Yes No

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in compliance with section .510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
20.507	Federal Transit Administration

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2013

Section II - Findings Relating to the Financial Statement Audit Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

Finding 2013-01

Criteria - The County's internal controls over the treasury and cash management functions are to be designed and operated in a manner that strengthens its ability to record, process, summarize, and report financial data that is consistent with management's financial statement assertions.

Condition -

[X] Material Weakness

County tax collection deposits and Tax Collector refunds are not being recorded in the County's General Ledger on a timely basis, and are recorded without proper documentation supporting transactions. Tax collection deposits are the largest source of receipts into the County Treasury. These transactions are recorded to the County's General Ledger 45-60 days after month-end contrary to both sound cash and accounting controls, as well as Idaho Statute regarding settlement of Tax Collector Accounts (Idaho §31-2112, County Treasurer and Tax Collector Monthly Settlements). The Sheriff Writs, Garnishments, Real Property Cash bank account is not recorded in the County's General Ledger on a timely basis, nor are all the account's transactions recorded. The Sheriff's account was originally opened to address insignificant and immaterial transactions of the department. However, the volume of the Sheriff's transactions and the amount of cash passing through the account has become material.

Effect - Such procedures do not permit the timely recording and reconciling of transactions for accurate financial reporting of cash balances. Without adequate financial records, management is basing decisions on incomplete and/or inaccurate information and therefore could potentially be misrepresenting information reported to the public. Additionally, the internal controls that are in place are not strong enough to assure that assets entrusted to the County are adequately safeguarded.

Cause - The Auditor, Treasurer, and Sheriff have not been able to reach agreement on adequate processes to accurately record transactions and report the information to reduce control risks related to these bank accounts.

Recommendation - We recommend that all opened bank accounts be recorded along with their transactions in the County's General Ledger. The supporting documentation should be uploaded so that information is kept with the transaction to ensure the review process is appropriately documented and available for future inquiries. If each transaction is unable to be kept in the County's General Ledger due to a large volume of daily activity, we would suggest the County review a sample of checks issued and/or received a couple of times a year to verify the department is following the internal control procedures.

We suggest the bank statements for these accounts be received directly from the bank so they can be reviewed by the Auditor's office each month and reconciled against General Ledger transactions. We suggest that all checks over six months be voided and reissued, if appropriate, as banks will generally not cash checks dated over six months. We also recommend that the outstanding items be reviewed periodically to determine if they are included in error or are stale checks, and to research unusual items. These procedures would improve internal controls over financial reporting and enable the County to maintain a more accurate cash balance and transactions with which to manage operations.

KOOTENAI COUNTY, IDAHO

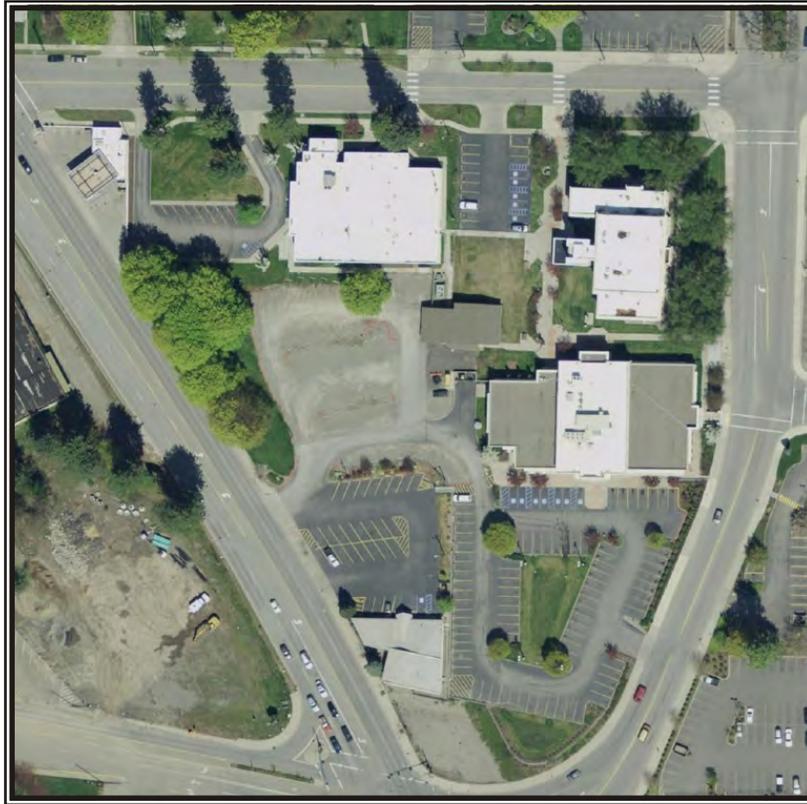
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2013

Section III – Findings and Questioned Costs for Federal Awards

There were no findings required to be reported relating to federal awards for the fiscal year ended September 30, 2013.

Auditees' Section



The downtown County Campus, as seen today.



KOOTENAI COUNTY, IDAHO
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

FEDERAL GRANTOR	Federal	Pass-Through	Award	2012-2013
Pass Through Grantor Program Title	CFDA Number	Identifying Number	amount	expenditures
U. S. DEPARTMENT of AGRICULTURE				
Passed through Idaho State Superintendent of Public Instruction:				
School Breakfast Program	10.553	2012IN109947	variable	\$ 20,410
ARRA National School Lunch Program	10.555	2012IN109947	variable	32,424
			Subtotal 10.CNC	52,834
Passed through Idaho Department of Lands				
Wildland Urban Interface Western State Grant	10.664	HFT #11SAFP 04	165,000	69,750
Wildland Urban Interface Western State Grant	10.664	HFT #12NFA1 04	70,000	398
			Subtotal 10.664	70,148
TOTAL U.S. DEPARTMENT of AGRICULTURE				\$ 122,982
U.S. DEPARTMENT of JUSTICE				
Passed through City of Coeur d'Alene, Kootenai County – Subgrantee				
2011 Byrne Justice Assistance Grant	16.738	2011-DJ-BX-2255	29,392	\$ 1,448
2012 Byrne Justice Assistance Grant	16.738	2012-DJ-BX-0644	22,011	17,129
			Subtotal 16.738	18,577
Passed through Idaho Supreme Court:				
OVW Domestic Violence Court	16.013	2012-WC-AX-0005	55,965	14,669
JABG Juvenile Accountability Block Grant	16.523	10-JA11-03	30,943	15,041
JABG Juvenile Accountability Block Grant	16.523	09-JA11-03	29,936	2,577
			Subtotal 16.523	17,618
Passed through Idaho Department of Health and Welfare:				
Domestic Violence/Victim Grant	16.575	VC015000	25,000	17,871
Domestic Violence/Victim Grant	16.575	VC018700	21,000	5,445
			Subtotal 16.575	23,316
Direct Programs:				
Community Oriented Policing Services 2010 CHP Grant	16.710	2010UMWX0102	562,563	192,094
Community Oriented Policing Services 2011 CSPP Grant	16.710	2011CSWX0011	494,410	206,618
Community Oriented Policing Services 2011 CSPP Grant	16.710	2012UMWX0065	500,000	88,971
			Subtotal 16.710	487,683
TOTAL U.S. DEPARTMENT OF JUSTICE				\$ 561,863
U.S. DEPARTMENT of TRANSPORTATION				
Passed through Idaho Department of Transportation				
Traffic Enforcement Mobilization FY2013	20.205	A012(536)	variable	\$ 927
State & Community Hwy Safety Program Alive @ 25	20.205	A012(536)	10,000	7,307
			Subtotal 20.205	8,234
Passed through Idaho Department of Transportation				
Traffic Enforcement Mobilization FY2013	20.600	PT-2012-01-00-00	variable	7,170
Traffic Enforcement Mobilization FY2013	20.601	K8-2013-01-00-00	variable	1,454
			Subtotal 20.HSC	8,624
Traffic Enforcement Mobilization FY2013	20.608	A012(536)	variable	715
Traffic Enforcement Mobilization FY2013	20.618	A012(536)	variable	1,515

continued

Kootenai County Comprehensive Annual Financial Report - FY 2013

**KOOTENAI COUNTY, IDAHO
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013**

<u>FEDERAL GRANTOR</u> Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Identifying Number	Award amount	2012-2013 expenditures
<i>(continued from page 151)</i>				
Direct Programs				
Airport Improvement Program	20.106	3-16-0010-029, 3-16-0010-032, 3-16-0010-034, 3-16-0010-037, 3-16-0010-038	5,093,074	1,353,941
FTA Section 5307 Small Urbanized Area Grant	20.507	ID-90-X118	1,060,261	120,529
FTA Section 5307 Small Urbanized Area Grant	20.507	ID-90-X128	972,927	791,947
FTA Section 5307 Small Urbanized Area Grant	20.507	ID-96-X006	1,290,202	13,596
			Subtotal 20.507	926,072
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				\$ 2,299,101
<u>U.S. DEPARTMENT of PARKS AND RECREATION</u>				
Passed through Idaho Department of Parks and Recreation				
CVA Vessel Pumpout	15.616	V-13-D-1	54,572	\$ 54,5725
TOTAL U.S. DEPARTMENT of PARKS AND RECREATION				\$ 54,572
<u>U.S. DEPARTMENT of INTERIOR</u>				
Passed through Idaho State Historical Society				
Certified Local Government Program	15.904	16-11-31919	2,500	\$ 2,141
TOTAL U.S. DEPARTMENT of INTERIOR				\$ 2,141
<u>U.S. DEPARTMENT of HOMELAND SECURITY</u>				
Passed through State of Idaho Military Division				
Emergency Management Performance Grant 2011	97.042	EMW-2011-EP-00082	87,778	\$ 3,345
Emergency Management Performance Grant 2012	97.042	EMW-2012-EP-00065	87,912	22,912
			Subtotal 97.042	26,257
Homeland Security - Training	97.067	2010-SS-T0-0088	1,367	849
Homeland Security - Training	97.067	2011-SS-T0-0018	6,000	3,382
Homeland Security - Citizens Corp	97.067	2010-SS-T0-0088	10,849	7,073
Homeland Security - Citizens Corp	97.067	2011-SS-T0-0018	8,613	6,128
Homeland Security - 1st Responder	97.067	2012-SS-T0-00136	14,434	9,971
Homeland Security - Equipment	97.067	2010-SS-T0-0088	314,601	11,584
Homeland Security - Equipment	97.067	2011-SS-T0-0018	202,242	89,729
Homeland Security - Equipment	97.067	2012-SS-T0-00136	67,206	25,438
Homeland Security - Exercise	97.067	2010-SS-T0-0088	49	43
Homeland Security - Fusion	97.067	2011-SS-T0-0018	25,003	5,787
			Subtotal 97.067	159,984
Passed through State Department of Parks & Rec				
Boater Safety Financial Assistance	97.012	RBS formula Grant 14.01.16	148,516	148,516
TOTAL U.S. DEPARTMENT of HOMELAND SECURITY				\$ 334,757
TOTAL EXPENDITURES of FEDERAL AWARDS				\$ 3,375,416

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2013

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of Kootenai County. It is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements..

Not all of the state pass-through identifying numbers have been made available.

KOOTENAI COUNTY, IDAHO
Corrective Action Plan
Year Ended September 30, 2013

Person Responsible for Corrective Action:

David McDowell, Finance Director
Kootenai County Auditors Office
451 N Government Way
P.O. Box 9000
Coeur d'Alene, Idaho 83816-9000

Finding 2013-01

Response:

This continues to be a challenging issue to resolve as witnessed by the fact that the finding is being repeated again this year. When controls need to cross elected official boundaries in the county, implementing appropriate internal controls has to be a collaborative and cooperative process. We are continuing to work with the Board of County Commissioners, Sheriff, and the Treasurer on these issues and are hopeful that we will agree upon and be implementing the needed controls over the course of the coming fiscal year. Progress on this topic has been made, but it is very slow due to the complex transaction flow.

KOOTENAI COUNTY, IDAHO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2013

The following Findings were reported in the County's September 30, 2012, audit report:

Finding 2012-01

Inmate Trust Account implemented procedures. Repeated and updated as item 2013-01.

Finding 2012-02

Implemented.

